TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

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PART 5

GENERAL SERVICES ADMINISTRATION

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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, FEBRUARY 20, 1990.

AGENCYWIDE MATTERS

WITNESSES

RICHARD G. AUSTIN, ACTING ADMINISTRATOR
RAYMOND A. FONTAINE, COMPTROLLER
WILLIAM B. EARLY, JR., DEPUTY COMPTROLLER FOR BUDGET

Mr. ROYBAL. The committee will come to order.

The committee is in session this morning to hear from the General Services Administration with regard to their budget for next year.

The committee would like to welcome Mr. Austin, Mr. Fontaine, and other members of GSA who will be testifying.

Mr. Austin, will you proceed in any manner that you may desire.

Mr. AUSTIN. Mr. Chairman, I have a prepared statement which I would like to read for the record, at which time I will respond to questions.

Mr. ROYBAL. Thank you.

Mr. AUSTIN. Mr. Chairman and Members of the Subcommittee, it's my pleasure to appear before you today in support of the fiscal year 1991 budget request by the General Services Administration.

In 1991, GSA's planned obligations will total almost $9 billion to perform a variety of regulatory, management, and support functions assigned to us as the Federal Government's central administrative policy unit.

We manage and oversee real property, ADP, and telecommunications programs, help set acquisition policy, dispose of surplus Federal property, and centrally provide goods and services to agencies when this has quality or cost advantages.

Most of this program is financed by our customers, either by rental payments for space they occupy or by reimbursements and payments to revolving funds for the purchase of goods and services. Less than 3 percent of our funding comes from appropriations to GSA.

For fiscal year 1991, we are requesting a total of $235 million in new appropriations from this subcommittee. This amount, while over $53 million below levels enacted for fiscal year 1990, will support ongoing programs at current levels and allow selected initiatives.

A major feature of the request is a net decrease of $43.5 million associated with our proposal to convert the agency's internal accounting support from direct to reimbursable funding. This will allow full cost recovery from users while ensuring that the pricing structure for goods and services more closely reflects the actual cost of doing business. The net decrease includes necessary increases to other GSA appropriations that will now pay for the services they are receiving.

Another large decrease results from the fact that Congress appropriated $38.2 million in fiscal year 1990 for a number of grants to public and private institutions; these are not repeated in fiscal year 1991.

Partly offsetting these reductions is an increase of $15 million to accommodate the effects of inflation and one-half of the impact of an anticipated January, 1991, pay raise. There are also a number of smaller program-related increases which will be addressed in greater detail as you review the accounts involved.

The subcommittee is also being asked to approve $3.8 billion in new obligational authority, or authority to spend income, for fiscal year 1991 real property activities under the Federal Buildings Fund. This is $505 million above the level enacted for fiscal year 1990, and will ensure continuation of services at necessary levels while making some inroads in our capital requirements. I will briefly touch upon the major features of this request.

$271 million is budgeted for the construction and acquisition of facilities, primarily for new facilities for the U.S. Courts. The FY 1991 request is $132.2 million higher than the 1990 budget.

$573 million is requested for repairs and alterations in 1991, only slightly higher than in 1990. Primary emphasis is directed to the repair and modernization of our facilities and for projects related to the health and safety of our Federal employees. Funds are also included to continue the program begun in 1988 for improvements to U.S./Mexico Border Facilities.

Rounding out the 1991 capital program is $176.4 million for design and construction services in support of the new construction and repairs and alterations programs, and $136.6 million for the payment of principal, interest, and taxes on facilities previously acquired through purchase contracts or installment purchase arrangements.

The 1991 request for rental of space activity is $1.5 billion, which provides for payments for existing leased projects, projected new leases, and buildings services furnished by lessors under the terms of lease agreements.

Because of the high and growing cost of commercially leased space, GSA will continue in its efforts to improve use of existing space, to dispose of unneeded space, and to replace leased space with Government-owned space.

The remainder of the fiscal year 1991 Federal Buildings Fund program will require $1,037.2 million for real property operations, such as cleaning, utilities, maintenance, and protection of facilities and related services, and $90.8 million under the Program Direction activity for overall management of the real property programs and various common support functions.

To ensure that Federal Buildings Fund activities can be accomplished as approved by Congress, we are also proposing a general provision that would authorize appropriations to the Fund to offset any income reductions resulting from legal restrictions or limits on the rent payments that agencies make for space and services.

The appropriations would be scored against the subcommittee that set the RENT limitation. We feel this is a more practical approach than trying to adjust service levels to varying income levels from tenants, and hope that we can count on the subcommittee's support.

Lastly, the agency's fiscal year 1991 employment is budgeted at 19,456 full-time equivalent (FTE), a net decrease of 71 FTE below the level established for 1990. This reflects a generally stable workforce following a period of substantial reduction in the 1980's.

Mr. Chairman, this concludes my brief overview of GSA's 1991 budget program, and I would be glad to answer any questions from the subcommittee. As as you may know, sir, I have with me the Commissioners and heads of staff offices who are prepared to discuss more specific details of the budget.

Mr. ROYBAL. Thank you very much, Mr. Austin.

I would like to ask some general questions and then give the other Members of the committee a chance to do likewise.

Mr. AUSTIN. Yes sir.

EXPLANATION OF DECREASE

Mr. ROYBAL. I notice that your appropriation for fiscal year 1990 has a decrease of $53,027,000; is that correct?

Mr. AUSTIN. It reflects the fiscal year 1991 request below levels enacted for fiscal year 1990.

Mr. ROYBAL. For 1991, it will be a decrease then of $53 million?

Mr. AUSTIN. Yes, sir. What we have done, Mr. Chairman, is that in our efforts to become, if you will, more business oriented, we have distributed a proportionate share of the cost of financial and administrative office functions to all of the services, thereby drawing on the revolving funds of the respective services to pay for those administrative costs. This has allowed us to reduce the budget authority by that amount.

I know, Mr. Chairman, that there might have been some concern expressed in the past, as an agency moves towards a revolving fund operation as to whether or not that agency will fully participate in its responsibilities to its oversight committees, both in terms of appropriation and authorizations from the Public Works Committee, or the Government Operations Committee.

Let me assure you, Mr. Chairman, it is not our intent to in any way sidestep our responsibilities to those committees, and we will continue to report through and to those committees.

Mr. ROYBAL. It doesn't actually mean then that there is an actual $53 million reduction?

Mr. AUSTIN. It's a reduction in direct appropriations.

Mr. ROYBAL. Let's get the difference in the record so that we will know what we are talking about.

Mr. **Austin**. It's actually a reduction in appropriated dollars as opposed to dollars which will come from the revolving funds.

Mr. **Fontaine**. In other words, we took the general management account and all administrative functions and made a determination that as far as payroll and accounting, those costs should be passed through to the customer.

In other words, when providing space or supplies or phone services, we have added on those administrative costs to the program areas. The program will now recover through their charges to other customers, payment for the accounting and payroll support rather than coming to you for an appropriation for overhead.

Mr. **Roybal**. So the $53 million will be spent by someone.

Mr. **Austin**. Yes, sir.

Mr. **Fontaine**. The costs will be passed through to our customers through the revolving funds, so we will be asking the committee for $53 million less.

FEDERAL BUILDINGS FUND

Mr. **Roybal**. You know, I am really interested in the financial condition of the Federal Buildings Fund. Can you tell us something about that, whether we need legislative changes?

Mr. **Austin**. Yes, sir.

Mr. **Roybal**. Tell us how often you review your comparable rates and whatever you can tell us with regard to that fund.

Mr. **Austin**. Yes, sir.

Mr. Chairman, if you were to ask me is the Federal Buildings Fund viable, I would have to say that in light of the way it was designed to work in 1975 when it was instituted, no, it's not.

Have we taken steps to try to increase its viability? Yes, we have.

Number one, we have gotten approval from OMB to do a one hundred percent pass-through of changes in the Consumer Price Index, which will help to keep our rates in line with commercial rates. Prior to this year, we were only allowed to apply 25 percent of changes in the CPI.

Secondly, we have contained in this proposal and other initiatives which we will be bringing to the Hill a request to remove the caps that have been placed on some of the agencies RENT accounts by various other sub-committees.

Right now, of the Federal buildings that we control, 67 percent of them operate at a loss; 33 percent actually support the entire capital investment program of GSA.

Now, we have been able to maintain a modest capital investment program, and that program primarily has been made up of R & A projects and our limited construction activities over the years.

We have committed with OMB to augment existing authorities with what has become known as the least-cost financing package, which will be coming to the Hill very shortly, for $2.5 billion of financed construction and another $500 million out of the Federal Buildings Fund. This will allow us to finance a number of new construction projects. We project that this program will take us to a zero balance over the next three years in the fund. We need to increase the viability of that fund.

Another initiative which we have ongoing is to regularly reassess all Federal space that is occupied to ensure that we are getting paid rent for all space occupied. We are more closely monitoring the market surveys that are being done which will establish the prevailing rent rate for each of the facilities for the next five-year program. These rates will be transmitted to the agencies this spring for inclusion of the updated rates within the 1992 budget cycle.

But we do not have at this point in time the wherewithal to do what the Fund was initially intended to do, and that is to have a reserve of capital which would allow us to meet Federal needs to build new facilities.

REPAIR AND ALTERATION PROJECTS

Mr. **Roybal.** Now, with regard to your occupied space, the space you've been referring to, what is being done to alleviate the problems that you had in the past; for example, asbestos removal, fire safety, and the physical security of employees?

Mr. **Austin.** There are a number of R and A projects which address these areas. Mr. Chairman, as I said in my statement, the R & A activity has increased somewhat. All major modernization projects include an assessment of asbestos abatement, fire safety features, accessibility to the handicapped; and when we do the R & A projects, we correct any deficiencies that we might have in those three areas.

However, let me say that asbestos abatement is going to be an ongoing program for which we will have continued dollar needs throughout the foreseeable future.

Asbestos abatement has been somewhat difficult to deal with. In fact, one of the risk assessments that we have identified this year to OMB is a problem that occurs in some R & A projects when we do not have adequate historical building drawings, architectural drawings or knowledge of that facility.

As we begin doing R & A, we run into asbestos incidental to that R & A, which immediately brings that project to a halt. We then develop a plan to properly handle the asbestos issues, either through abatement or containment and then move on.

There are any number of estimates that can be given to what potential costs are there. I would suspect that we are talking certainly in the hundreds of millions of dollars over the next ten years.

I was just handed a note here that would suggest that costs could run as high as $200 million. I would suggest that the cost could even go higher than that, possibly as high as as three quarters of a billion dollars as we find out what the total inventory really is, and as asbestos which is contained today, later deteriorates and becomes potentially friable into the out years.

Mr. **Roybal.** What about access to the handicapped? Are all the buildings now providing that?

Mr. **Austin.** Every time we do an R & A project, we address handicapped accessibility. I cannot say, Mr. Chairman, that all buildings have full accessibility to the handicapped at this point in time.

We are addressing that and hopefully will be able to provide that in the future. And where we do provide for some deviation, that does not suggest that the building is not handicapped accessible. It simply might indicate that it's not fully handicapped accessible.

Mr. Roybal. Mr. Skeen?

Mr. Skeen. Thank you, Mr. Chairman.

BORDER STATION PROJECTS

Last year's appropriations included funding for several border station projects, and I know you mentioned them in your text. What is the status on these projects as far as completion?

Mr. Austin. Mr. Skeen, I don't know what the current status is, but Mr. Bibb can respond to your questions.

Mr. Bibb. I can give you a general overview.

I am David Bibb, Mr. Chairman, Mr. Skeen.

We have made good progress on the border station program. To date, in fiscal years 1988, 1989, and 1990, we have been appropriated $145 million, approximately. Many of those projects have been awarded, some of them are in the final stages of design, and some have designs to be awarded this year.

I can deal with any specifics that you might have in mind.

Mr. Skeen. Let's talk about Anapra. For 40 years, New Mexico has been trying to get a border crossing established between the United States and Mexico. It's been an ongoing debate. Now all of a sudden the Mexican Government announced that it's very interested in opening a crossing at Anapra.

Have you been contacted?

Mr. Bibb. We have been contacted. As you may know, we have had a project for Santa Teresa in the budget. Now Anapra has come to the fore. Our position is that we will build where the inspection agencies and the local governments and interested parties decide that the crossing ought to be. At this point, we are really waiting for them to get together on that.

So we will really not take the lead on selecting the location.

Mr. Skeen. I would appreciate it if you didn't. Let them decide.

Mr. Austin. Mr. Skeen, let me share this with you. We just within the last several months participated in an international conference in Mexico with the government of Mexico on future border station development.

With the election of the new Mexican President, who obviously has considerable financial background and knowledge, it was of interest to hear that the Mexican Government—who has been building stations with appropriated funds; in other words, direct funding for the facilities—now indicate that they are moving forward quickly under a new cure to the funding process. It's called least cost financing.

Mr. Skeen. Who told them about that?

Mr. Austin. I am really not sure, sir. But nonetheless, they are looking now to do a number of border stations under least cost financing. We have identified a number of stations far beyond the time frame that was initially perceived that they wanted to start moving on, which creates some problems for us on the other side, who are still doing these border stations in a direct funded manner.

Mr. **Skeen**. Is there any involvement with the State Department in this?

Mr. **Austin**. Yes, sir.

Mr. **Skeen**. After all these years, we have been more or less more funding these crossings, and all of a sudden now, we get renewed interest in the thing. It's very interesting, as a matter of fact.

I was just curious. You have already been contacted and you have already been part of the negotiations and so forth? I appreciate that.

NEW YORK PROJECTS

Last year, we discussed some problems in dealing with the IRS office in Manhattan and also with the Secret Service office in New York City. What has happened on those two projects?

We ask you to do something about it, fix it. Where are we?

Mr. **Austin**. With respect to the IRS office, we are working with IRS both in Brooklyn and in Manhattan. Brooklyn, I think, is coming to a conclusion. IRS has acquired approximately 60,000 square feet and will be moving the remainder of their operations out of the Federal Building. GSA will then begin an R and A project to provide four additional court rooms there.

I cannot say, Congressman, that we are as successful in the Manhattan area. We have been working with them, trying to find an acceptable resolution. We just have not been able to get that done. We have tried to upgrade the facilities through working with the existing lessor.

Mr. **Skeen**. With the IRS?

Mr. **Austin**. Yes, sir. But unfortunately, as you know, sir, upgrading that facility is not a resolution, it has merely been an interim solution. We need to revisit that issue and we have been working with IRS on an ongoing basis.

Mr. **Skeen**. Thank you, Mr. Chairman.

Mr. **Roybal**. Mr. Hoyer.

Mr. **Hoyer**. Let me just follow up on that. You are talking about the Church Street property.

Mr. **Austin**. Yes, sir.

Mr. **Hoyer**. We originally had tougher language that we wanted to put in, and we modified the language on the expectation that maybe the language would move it along.

From what I understand, though, is the lessor cooperating?

Mr. **Austin**. The lessor in terms of the space itself?

As I understand it, the lessor has cooperated somewhat in terms of improving the space or addressing some of the issues. He still has not made the space acceptable to IRS for long-term consideration.

Mr. Chairman, this is Bob DiLuchio, the head of our real estate area.

Mr. **DiLuchio**. The lessor is cooperating at 120 Church Street. A number of renovations are underway; air conditioning and chiller work is underway. Roof repairs have been made and window work has been done. There have been a lot of complaints about rodent control. In response there have been new systems put in for the removal of the trash that was previously stored on various floors.

There was a problem, because it's over a subway stop, with the outside containers for the trash. That has been remedied. Although the building will probably never be totally acceptable to the employees that are there, we are having some success in improving the conditions there.

IRS is reconsidering their space requirements. We expect to hear back from them around the end of March, at which time they will inform GSA how much space they need in the Manhattan area and whether it's all required in lower Manhattan, in and around the 120 Church Street site, or whether other locations are acceptable.

At that time, we will again start the procurement cycle and aquire their new space.

I think we have been making some progress on the repairs.

Mr. HOYER. Let me conclude this. I have some other questions, as well. I wanted to follow up Mr. Skeen's, though.

Is it your judgment that we are even close to acceptable standards to house our Federal employees in that Church Street building? The GSA has been—Terry Golden, I know, and yourself, I know, are very concerned about the status of Federal employee work space. Am I correct, we are still not close at Church Street? Would that be a fair assessment?

Mr. AUSTIN. My assessment is no, we are not. It's not the kind of working environment that we are trying to achieve throughout the Federal Government; no, sir.

Mr. HOYER. If that is the case, what about language saying that if we are not close by October 1, that we get out, that we consider a breach of the lease? Is there a legal requirement for the lessor to continue to provide a certain level of space for our Federal employees; and if not, why not?

Mr. DILUCHIO. If we look at the space we are buying today given our new quality space solicitation for offers, that building is not what we would be acquiring from the market today.

We are making progress. Getting out of that building is quite a burden, as we have experienced, particularly when dealing with a replacement requirement to service a particular area like lower Manhattan.

The last time I talked to them, they indicated that their clientele has dissipated somewhat from lower Manhattan and that there may be other procurement opportunities.

We are making progress in this building. There are some problems which can be resolved, but will be an inconvenience to the tenants.

Mr. HOYER. It's exposed.

Mr. DILUCHIO. And it's not as visually pleasing. It doesn't really make it a bad building. There is asbestos in that building above the dropped ceiling.

The asbestos is not sprayed on but it is in a pipe rack. You could safely work above that ceiling, but at the request of the IRS employees in the building and their representatives particularly, the ceiling board is not penetrated; therefore, the unsightly wiring hangs below it.

We probably will remain in that building for another 3 years, before we are able to reprocure and move out of the space.

Mr. HOYER. Well, I would like to visit that building before we have mark up, okay, so maybe we can take some time to go up there.

Mr. AUSTIN. I would be happy to accompany you up there, Congressman.

LEAST COST FINANCING

Mr. HOYER. Let me go to your least cost financing. As you know, this committee has been very interested in the least cost financing. As I understand it, John's put some figures together.

When we were using the Federal Financing Bank, we were paying 12 points above the securitization process which I understand we are using for Archives at 40 points above.

The notes and the standard definitely is 350 base points above. I don't know whether those figures are exactly accurate, although John is pretty good on those. It's my understanding if we went to least cost, we could save a billion a year, in that neighborhood.

I understand we have this fight with OMB and this whole capital budgeting process. This committee is very concerned about it, and I am particularly concerned. And you might in responding—I understand that Archives has now been put in the budget this year for the total authorized level.

Now, the problem with that, of course, is there will not be a nickel spent for four years; correct? But they are going to score against us at $300 million, because they are including all the financing charges, everything in it.

As you know, we did about $215 on that building. It seems kind of absurd to me. To score this amount in 1 to 3 years if we are going to expend about $30 million a year, starting about fiscal year, beginning in 1994 or 1995.

Mr. AUSTIN. Something like that.

Mr. HOYER. Are we making any progress, and ought we look at this pretty seriously and see what we can come up with?

Mr. SKEEN. Let that answer be recorded.

Mr. FONTAINE. You might want to go off the record.

Mr. SKEEN. I don't think we better take that off the record.

Mr. AUSTIN. Depending on recording or nonrecording, no.

Congressman, let me say, I am an ardent supporter of least cost financing, and the initiative to address this. I wish I could say I was the founding father but I cannot. Obviously this has been done on several occasions in the past.

However, I very much support the concept, and I think that economically it's in the best interests of the Federal Government. Practically speaking, it's the only way we are truly going to build new Federal buildings in the numbers that we need to replace costly leased and an aging Government-owned inventory much of which is over 50 years old.

When you realize that we are going through our third and fourth iteration of renovations in these buildings, we are, in some instances, particularly where you are dealing with strictly a vanilla office building, putting good money after bad.

Now, having said that, we can show through our economic analysis that we can save the Federal Government considerable dollars versus leasing, which is our only current option. This year alone, we added $116 million for the increased cost of leases and it's only going to get worse as these older leases continue to expire. These are 20-year-old leases that were seven, eight, nine, ten dollars per square foot and once renewed become $30 or $40 per square foot. And you really haven't, except for maybe a modicum of change, improved the space of the Federal employee.

Having said all of that, OMB/GSA sat down last June and began working on devising a program, number one, that identified the most critical needs of the Federal Government today; and number two, that looked at how we could meet those needs.

We actually identified approximately $3 billion worth of needs over the next three years, 1991, 1992, 1993. These needs were then split by $500 million coming from the Federal Buildings Fund and $2.5 billion was identified for financing of new facilities. Now, that number has changed just a little bit in the sense that EPA was identified in that program as one of the 21 projects in the study.

The EPA project now has it's own separate funding authority in 1990 and what you now see is the $2.5 billion reduced to somewhere in the neighborhood of $2.2 billion.

However, the problem, and you have struck on it, is one of scoring. We have two problems. First, the anti-deficiency issues; secondarily, the scoring issues. We resolved the anti-deficiency issues, we believe; and at this point, centralized discussions are focusing on the scoring side.

The scoring issue as it relates to NARA, is the fact that as I understand it from OMB, it was securitized by the full faith and credit of the Federal Government.

Therefore, it's OMB's and CBO's position that they need to score that fully in the year that it was authorized, i.e. 1990. You then get into the discussions of what happens if you use something less than full faith and credit.

Mr. HOYER. It's been authorized.

Mr. FONTAINE. In a prior year.

Mr. HOYER. Sure.

Mr. AUSTIN. But I believe it is scored in this year.

Mr. EARLY. They are doing it with full faith and credit of the United States; they are scoring the outlays at the time that you would pay the developer of the construction, which would be over a three-year period.

And that is the reason they are scoring the outlays early in the program because of the Federal borrowing rather than payment of rent. That is the key distinction that we are grappling with.

Mr. AUSTIN. Now, in terms of——

Mr. HOYER. Can I interrupt, and I am sure the committee all understands, by securitizing, they are saving substantial sums of money as opposed to a lease purchase, but they are going to adversely affect us on scoring, notwithstanding the fact that the process that's been pursued, which was not our selection, they had their options and they picked this one, which I thought was a good one. They are scoring it against us, in effect.

Mr. SKEEN. It comes out of pocket.

Mr. HOYER. Yes.

Mr. **Austin**. They score it up front.

Mr. **Hoyer**. But it's not paid all up front.

Mr. **Austin**. Well, the way that NARA is doing it, NARA is borrowing the whole amount and then drawing down against it. So the full borrowing will be done immediately, they will reinvest it, earn interest on it in an arbitrage relationship and then draw down as payments are paid to the contractor.

That is a little different than if you use commercial paper. In terms of basis points above the treasury rate I suspect you are right. NARA is, I believe, about 43 basis points. At this point, our least-cost program, as we have suggested to OMB, is at 75 basis points.

I would suggest that is a little low. Chicago, which we did in a very similar fashion, is actually 82 basis points.

So that we are within a reasonable dollar or basic point range, but we are not there yet, and the real issue is during the high risk period, that interim period for construction. And it's our belief that at some point after that when you get into the take-out mode, we can reduce those points somewhat further.

It's all speculative at this point. OMB and GSA initially agreed on the $2.5 billion program under the conditions that it be a three-year program and the interest rate would not exceed 75 basis treasury points above. We thought we had resolved the scoring issues.

However, when the technical budget side of OMB and the Congressional Budget Office conferred, they indicated no, we hadn't resolved the issue.

And even though the Administration and GSA were all moving forward with the understanding that we had—we needed to back up and take another look at it. To that end, there have been any number of meetings over the last several weeks. As recently as last Friday, there were ongoing discussions in an attempt to draft acceptable language that would allow for GSA to move forward with the $2.5 billion program, and deal with the scoring issues.

And as I understand it at this point, OMB is going to draft, in conjunction with CBO, language that would categorize these projects and the scoring issues as it relates to those categories.

If it's securitized, then you score it upfront. If it's something less than securitized, then you might be able to score it over the construction period of three to five years.

But if you go commercial with the developer bringing his own financing then you don't have to score it at all.

Mr. **Hoyer**. Is it too simplistic to say, "the more expensive it is to the U.S. taxpayer the better it will be for scoring?" That's absurd.

Mr. Chairman, I have already taken too much time, but I will pursue this with the staff, because it's going to affect us when we get to mark up. I've got a number of other questions, but I have taken most of my time.

Mr. **Roybal**. Thank you.

Mr. Lowery.

Mr. **Lowery**. Thank you, Mr. Chairman.

Mr. Austin, I appreciate your being here, and I just want to say that we have worked with GSA quite a few times over this past year, and I appreciate very much your cooperation and the positive attitude that's coming from GSA in trying to deal with some very difficult issues.

Mr. AUSTIN. Thank you, sir.

BORDER STATIONS

Mr. LOWERY. Let me begin my following up on Mr. Skeen's comments on border issues. I guess I am a little confused, knowing of the tremendous need for modernization because virtually all the border crossings are over capacity, why there's been such a lacking in the Administration's requests for funding, only ten million for this coming fiscal year.

Maybe you can respond to that.

Mr. AUSTIN. Well, Congressman, as was alluded to earlier, it's about $145 million that have been appropriated over the last three years for the project.

Mr. LOWERY. Only 52 of that requested as I recall by GSA.

Mr. AUSTIN. I am not familiar with that.

Mr. BIBB. For the first two years of the program, that is correct. The appropriations did emanate from the Congress.

Mr. LOWERY. Only twenty-five million has been requested by GSA over the first three years of the program.

Mr. BIBB. Last year, fiscal year 1990, was the first year in our planning cycle in which we were able to incorporate the Southwest border initiative. We have continued that this year, and the fiscal year 1991 request is based on several things.

A request for funding depends upon where we are on the projects, which means in the diplomatic note process, in the design process and in the site acquisition process. We simply at this point identified those projects where we believe we will be ready to spend money in 1991.

It doesn't mean we won't be asking for additional money in the future. In Calexico, for example, the new station will be a very large expenditure, in the $30 to $40 million range. But we are still in the process of identifying a site. We then would have to go through a design, so the construction money will not be needed in 1991.

What we have requested, the $10 million in 1991, plus the appropriations on hand, will take us through the projects where we are ready to award contracts by end of FY 1991. There will be additional funding requests in future years.

Mr. LOWERY. But Calexico and El Paso are the only two starts that you are requesting funds for in FY 1991.

Mr. BIBB. Those are the only two projects in this year's budget.

Mr. LOWERY. What is the problem? Is it coordination on the diplomatic front with Mexico?

Mr. BIBB. That does enter into some projects. I believe we have moved fairly rapidly to get some of the projects underway. It does enter in, certainly, coordinating with Mexico.

There are at least eight locations on the border where there are diplomatic issues that have to be resolved before we can start. There has been some very difficult master planning to be done. For example, I am sure you are familiar with the Calexico border station. Trying to figure out exactly how the traffic flow can run and whether we will have to acquire additional land or expand onsite have been addressed by a master plan.

So there has been a master planning phase up front before we can even proceed with design on some of these projects. I believe we are going to make, based on our schedule, substantial progress on construction awards this fiscal year, and into next, with the $145 million that we have available now.

Mr. LOWERY. As you are aware, last year this committee put two million in for planning and design to expand the facility at Otay Mesa. What's the status of the project? And again, there is no request for fiscal year 1991. How come?

Mr. BIBB. For the Otay Mesa expansion; that is correct.

We actually have been meeting with the Mexican Government during the past week, representatives of the Mexican Government and ourselves, facilities people, from the U.S. Inspection Agencies and the respective State Departments. We, of course have bought the site there for the expansion with the money that you provided. We have selected an architect.

What we need to do now is to get information from Mexico on exactly how the two stations will line up. There has been some question on that until just now. We are exchanging concept plans. Once that is resolved, we can go ahead with the design. But——

Mr. LOWERY. When do you expect that will take place?

Mr. BIBB. I show a projected design start date of this summer on that facility, which would probably lead us toward construction funding, or the additional money we would need for that project in a '92 time frame.

ADDITIONAL BORDER FACILITIES

Mr. LOWERY. Customs has identified that eight additional facilities along the southwest border will be required in addition to your ongoing program, including an additional port of entry in San Diego. As you know, the San Ysidro crossing is the busiest in the world. In the fiscal year 1990 report we asked GSA to study a new port of entry near the ocean between San Diego and Tijuana. What is the status of that study?

Mr. BIBB. Studies are ongoing. Again, this was a subject at the meetings this past week. U.S. and Mexican officials are taking a look at possible locations between San Ysidro and the coast. There is no definitive recommendation at this point. In fact, we have only just received within the last month or so, the requirements from the inspection agencies that would give us a general idea of the size of the station. But the studies are ongoing. As I said, no decision has been made at this point yet.

Mr. LOWERY. Could you get back to us, for the record, in response to that?

Mr. BIBB. Yes. I would be happy to.

Mr. LOWERY. And I would appreciate your comments on the Customs study stating that eight additional border facilities are necessary.

[The information follows:]

BORDER STATION FACILITIES

The General Services Administration (GSA) is not aware of the Customs study recommending eight additional ports of entry on the southwest border. The work being carried out under the current border station initiative is based on the results of a 1987 study of border station requirements carried out by the U.S. Customs Service, as well as needs for facilities at proposed new bridge crossings in Brownsville and Laredo, Texas added later. The current program will increase the ability of the inspection agencies to process traffic through the expansion of existing facilities and the construction of new facilities along the border.

In regard to any new facilities requirements along the southwest border, GSA will work closely in responding to the needs of the inspection agencies when these requirements are provided to us.

Mr. LOWERY. How is GSA dealing with that? I know that is a little more longer range, but are you focusing on those needs?

Mr. BIBB. I am not familiar with the precise eight that we are talking about. Certainly there are eight locations that we are not construction funding at this point, but I will have to get back for the record on that.

Mr. LOWERY. OMB has not been particularly fond of that Customs study. You may not have seen it.

Mr. AUSTIN. The other question on that, too, Congressman, is whether the Mexican Government signed off on that and accepted the site locations.

Mr. LOWERY. Okay.

PENTAGON RENOVATION

Let me shift over to the Pentagon for a moment, since we are looking at modernization of the grand old five sided building. It is my understanding that the Armed Services Committee directed GSA to prepare a plan for renovation at the Pentagon and it was supposed to be submitted to the Armed Services Committees of the House and Senate, by the 15th of this month. What is the status of the plan?

Mr. AUSTIN. The 11(b) project is over at OMB. It is undergoing review. Our time frame and numbers are somewhat different than the time frame and numbers that the DOD has identified for the renovation from their perspective. OMB is trying, along with GSA and DOD, to reconcile those numbers and those time frames.

As you know, Congressman, there was an initiative last year to transfer the Pentagon to the Department of Defense from GSA. I suspect that is also one of the underlying considerations as to who actually does the renovation. Does GSA do the renovation, and if so, what are the figures and the time frame? Does DOD do the renovation, and how solid are their figures and their time frame?

We did contact the committees and members involved, to inform them that we were running about a week late and that we have turned everything over to OMB, and we were prepared to make our report. But now we are trying to analyze the differences between the two reports.

Mr. LOWERY. I guess that is the second part of my question—the coordination between the two agencies. There appears to be a lack of communication—maybe I am wrong in that—between the GSA and DOD. I know the Corps has been moving forward with design, $2 million has been allocated, and the DOD has included an additional $10 million in the FY91 request: $5 million for the design development and the remaining $5 million for the design of the first increment of the renovation plan.

In your budget for '91, GSA is requesting $12 million for renovation design. How is this happening?

Mr. **Austin**. Actually there is $12 million for design, and an additional $35.5 million for construction contained in our budget. I know that the Corps of Engineers had initially requested about $75 million, somewhere in that neighborhood, when both of us made our presentations to OMB. I was under the impression, and maybe I misunderstood, that those dollars had been struck from Corps of Engineers' budget.

We accepted up front the responsibility to do the R&A on the project, but with reservations, and that reservation was, that if in fact the building was going to be transferred, that there ought to be then the transference of that responsibility, if we are not going to retain the building.

Mr. **Lowery**. The FY90 milcon appropriations included $4 million for design of a new heating/refrigeration plant. The contract for design is under negotiation. I understand it is to be awarded shortly. Here again, GSA has included $35.5 in its budget for construction. Is there coordination between DOD and GSA on that?

Mr. **Austin**. Very much so. We have been in discussions even as late as last week with DOD. In fact, much of our 11(b) report was prepared in cooperation with DOD, and I think ostensibly the differences between DOD and GSA is how not only do you deal with the power plant, but also the request for 440,000 square feet of new space, providing swing space, and what dollars are we talking about in total in terms of completing the project.

Now, I think in all fairness, too, Congressman, we in the least cost financing package, offered 1.8 million new square feet of space to DOD as a separate project out there. That was part of an effort to deal with their Pentagon expansion space, which fell by the wayside either last year or the year before, I am not sure which time frame it was. So that we have been working with DOD over the period of time, both in terms of the 11(b) aspect and in terms of their future needs assessments.

It is our understanding if we do the 440,000 square feet of space expansion at this point, that will resolve their concerns at the moment, and that 1.8 million square feet might ultimately fall out of the least cost financing package.

Mr. **Lowery**. Okay. Am I understanding you correctly, the $35 million you have requested is for fiscal '91, and DOD has construction funding planned in the fiscal '92 budget of $63 million. Are they not duplicative? They don't overlap?

Mr. **Austin**. I am not sure what the $63 million is for.

Mr. **DiLuchio**. Sixty-three for construction funding. I believe it was for this heating and refrigeration.

Mr. **Lowery**. That is right, Dan.

Mr. **Austin**. Is that right?

Mr. **Bibb**. Yes.

Mr. **Lowery**. And your $35.5 million, I understand the final design has not started. Can that $35 and a half million be spent in fiscal '91?

Mr. **Austin**. It was identified for general R&A. It was not, I don't believe, earmarked for one project or another. It was simply a good faith effort on our part to indicate that we were going to put forth the wherewithal to begin addressing their long term needs. Quite frankly, Congressman, if I were to do the project, I would come back with a proposal that out of that 1.8 million square feet that we had identified on the least cost financing, that we include both the power plant and the additional 440,000 square feet extension into the least cost financing package, thereby reducing the upfront cost for doing the total project. As it goes through its various phases of R&A, I believe we are talking about a million square feet, each construction phase, and we could bring both the construction and the R&A on line simultaneously, as opposed to waiting into the outyears for direct funding.

Mr. LOWERY. Is GSA's preference to do this project as opposed to turn it over to the Department of Defense?

Mr. AUSTIN. It is my preference, yes sir.

Mr. LOWERY. Mr. Chairman, I have additional questions for the record, but I will pick them up the next round.

Mr. HOYER. Secretary Cavazos is before our other committee on which Chairman Roybal and Mr. Early serve. I am going to go over there. Particularly I have a question about your minority participation goals and I will look forward to discussing that with you.

Mr. AUSTIN. Yes sir. I have an answer on that for you.

Mr. HOYER. Thank you.

JUDICIAL SPACE REQUIREMENTS

Mr. JOSEPH D. EARLY. Last year when we discussed the need to address the space and security requirements at the McComack Federal Building Court House, you indicated that discussions were underway with the regional administrator in New York concerning new construction versus renovation. What is the status of that?

Mr. AUSTIN. We have permission from OMB to start a new construction project for a court house in Boston. One of the considerations when that package comes to the Hill will be to have the ability to sell the old building to capitalize part of the construction costs of the new building. In doing that, obviously we are going to have to identify a new site location for the new federal court house.

As I understand it, the city has been in contact with GSA on possible site location, and although we are still in the very early phases of it, we will be constructing a new facility in Boston.

Mr. JOSEPH D. EARLY. Mr. Austin, this member is very satisfied with the cooperation that GSA has given us over the years. In my 16 years, I have found GSA to be very cooperative and very constructive. This particular project is a perfect example of what can happen. I think that when everyone got together about that particular building, it was obvious they had to come up with new construction. We saved $20 million by not renovating. We will build a new building which would be 145,000 square feet and it will be one of the finest court houses. I think when we do build something, we should build the best there is. It will probably cost in the area of $200 million, according to the GSA study and your remarks.

We are going to be able to sell the McCormack Building, although I don't want to tie them together, for maybe close to $200 million. So here we have a proposition on which I am sure the GSA will cooperate; have been especially cooperative with the Judiciary. The Judiciary has assigned a special judge who has done an outstanding job, and the Congressional people have really worked with the Mayor. This is going to be an all win proposition because of GSA, and I just want to make sure the record shows that.

Mr. AUSTIN. Thank you, Mr. Congressman.

Mr. JOSEPH D. EARLY. There has been submitted to the Appropriations Committee an analysis and study of the need for and feasibility of constructing a new court house. The conclusions of that report were that the construction of a new facility was the way to go, which you just suggested. Are you familiar with that study?

Mr. AUSTIN. Yes sir.

Mr. JOSEPH D. EARLY. Mr. Austin, my concern is that we have been studying this and discussing it for five years. Everyone is in agreement. The cooperation has been there in the last few years. I hope we can find the monies this year to get the project underway, because they have studied site location. This member thinks we shouldn't build court houses that you can walk 360 degrees around. I really think they should abut water, especially for security reasons. There is no way you can secure the McCormack Building.

HATO REY PROJECT

The other thing I would like to talk about is the court house in San Juan and, the Hato Rey Project. I understand that the administrative conference agrees with the views of the judges, that even with a new Hato Rey facility, the space afforded by the San Juan Building is still needed, is that correct?

Mr. AUSTIN. We don't believe so, Congressman.

Mr. JOSEPH D. EARLY. I take back everything I said, everything I said.

Mr. AUSTIN. We have the cost that the Corps of Engineers has developed. We have reexamined that in light of our costs, and quite frankly, I cannot see that the cost benefits are there. We think we can house, and adequately house, all of the court's needs at Hato Rey. And in fact, we have done a couple of things. We had discussions with the Commonwealth of Puerto Rico, who have asked to take that building over and to operate it in their governmental interests, and ultimately, would be doing some renovations to that facility, which are needed.

We further have, because of the time frame in doing the changes between the two facilities, committed to the Columbus Commission to do some minor renovations to the exterior so that it conforms to its celebration there. But to commit to a $22-$23 million renovation of that site for one courtroom does not speak well to the value of that cost, and particularly in light that we can meet their needs at that other facility.

Mr. JOSEPH D. EARLY. The judges seem to differ quite strongly with that position. I hope we continue to look at it. I don't think that the property should be declared surplus. I just don't think that is good government——

Mr. AUSTIN. No sir. It is our intent to try to provide that to the Commonwealth, who has a project which will utilize the existing structure.

Mr. JOSEPH D. EARLY. For housing?

Mr. **Austin**. For governmental purposes. We believe that would be a better and more appropriate use of the historic facility.

WORCESTER, MA, PROJECT

Mr. **Joseph D. Early**. Let me say, and I will stay within my ten minutes—I look forward to your cooperation, and I do appreciate that the budget includes funds for the design related to the expansion and improvement of the Harold Donahue Building in Worcester. Would you provide for me—would you let me know the scope of the work planned, the GSA timetable for the design phase of the project, and an estimate of the cost of the repair and alteration work when best you can? I know this is a busy part of the year for you, so it doesn't have to be within the month.

Mr. **Austin**. Yes sir, be happy to.

[The information follows:]

Harold Donahue Federal Building and Courthouse, Worcester, MA

A repair and alteration prospectus project is proposed for this building in a future fiscal year. The design funds for this project are being requested in the Fiscal Year 1991 Design Prospectus which is currently before the Congress.

The project proposes to construct one district courtroom, one bankruptcy courtroom, and one magistrate's courtroom, and ancillary facilities for each. An additional elevator will also be provided.

In addition, the heating, ventilating, air-conditioning, electrical, and plumbing systems will be upgraded. Windows will be repaired and inside storm windows will be installed. Elevators will be upgraded, including the installation of automatic fireman recall and facilities for the handicapped. The standpipe system will be replaced and an additional stairway will be constructed.

It is anticipated that design of the project will begin in October 1991 and will be completed in November 1991. If the project is included in the fiscal year 1992 construction program, construction award is estimated for May 1992 with construction completion estimated for September 1994.

The current estimated project costs are as follows:

Design	$811,000
Management and inspection	772,000
Construction	9,500,000
Estimated total project cost	[1] 11,083,000

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[1] In addition, it is anticipated that the U.S. Courts will fund an additional amount for the design and construction of space alterations above the standard normally provided by GSA.

FLEXIPLACE AND JOB SHARING

Mr. **Joseph D. Early**. And when you request funds for the renovation, will you request an additional amount for the design and construction of space alterations above the standard normally provided by GSA.

Mr. **Austin**. Yes sir.

Mr. **Joseph D. Early**. And again I want to thank GSA, not only you, but also your staff, for the cooperation I have had.

Mr. **Austin**. Thank you, Congressman.

Mr. **Roybal**. Mr. Wolf.

Mr. **Wolf**. Thank you, Mr. Chairman.

I want to welcome you. When do you get confirmed?

Mr. **Austin**. Well, I am looking forward to the academy award nomination. My tentative hearing is scheduled for the 27th of February.

Mr. **Wolf**. Does GSA have any programs scheduled to encourage job sharing, whereby two employees can share one job, or flexitime policies whereby part time work could be done at home?

Mr. Austin. We do have flex time and we also have 5-4-9.

Mr. Wolf. What is 5-4-9?

Mr. Austin. That is where you work nine hours a day, five days, four days, and then the fifth day of that second time frame you are off. We also are experimenting in a limited way with some work at home activities, whereby individuals are allowed to work in their home and provide a product.

In terms of job sharing, I am not sure whether we have split job sharing. In other words, someone comes into work in the morning and someone could come in and fill that position in the afternoon.

Mr. Wolf. Could you let me know? Last year money was put in OPM's budget to create a computer bank to encourage job sharing. One person who has just had a child may want to spend more time; another person may want to take care of their aged father for a period of time; another may want to go back and get a PHd or something like that. Can you let me know what you are doing in this area?

Mr. Austin. Be happy to.

[The information follows:]

Flexiplace and Job Sharing

GSA is currently chairing a federal task force on the Flexiplace concept. This initiative sponsored by the President's Council on Management Improvement (PCMI) created a task force to research and explore the flexible work place arrangements.

Approved guidelines have been issued by the flexiplace task force. It was determined that agencies may participate in the pilot test on a voluntary basis. Employees will also participate on a completely voluntary basis. The Office of Personnel Management will train both participating employees and their supervisors and will conduct an evaluation of the results.

To date, GSA has drafted an internal agency policy that encourages our managers to participate in the PCMI sponsored pilot. We expect that a number of GSA activities will conduct pilot tests of the flexible work place concept.

GSA does not have a specific job sharing program, however, GSA has a significant number of part time employees which to a certain extent provides for similar flexibility in working hours. As of January 31, 1990, GSA employed 188 part time permanent employees.

CHILD CARE PROGRAM

Mr. Wolf. The other thing is with regard to child care. I read that OPM was getting into child care business and GSA was getting out of the child care business. It was an article in the paper last year. What became of that?

Mr. Austin. Quite frankly, GSA has maintained its total commitment to the child care program. In fact, we have now opened 65 centers across the country. We have identified 45 more centers over the next few years that we are looking to develop and open.

We have also, through an agreement with OMB, and OPM, developed a child care guide book, which is being distributed. This guide book indicates some of the pitfalls in opening child care facilities, so that it can be used as a reference source throughout the federal community.

We have also expanded the program. The initial thrust of the program was to actually—and I hate to say this, but it was to generate numbers. In other words, open as many as you can as quickly as you can to drive a respectable number. We have slowed down on that process to ensure that they are opened right, that the needs assessment is defined and that the quality of the space is acceptable. We have learned throughout this process that there is an above standard level for child care center development. For instance, you will find normal size urinals which is a problem, so we have to reduce them to child's size.

We have increased our definition of what standard buildout is, therefore assuming a greater part of the cost for that development as opposed to transferring that cost to an operator or ultimately on to the people who utilize the facility.

We, however, have decided another issue, and that is that child care really, as we see it, is a two phased effort. One is to open the centers. The second one then is to play a facilitating role in operating the centers, and to that end, I have developed a staff with an associate administrator reporting directly to me on child care matters. Through her staff, they are looking at the problems each of the centers are having, whether those problems be in personnel, liability insurance, operation criteria, or the curriculums that are provided—the whole gamut of what goes into making a child care center run.

To that end we are in the planning process now, of holding in the summer a national conference of all child care providers within the federal community, and parent boards, and employees within the center. We can collectively sit down and begin to define the problems, address those problems, and look at where child care as a service to our Federal employees is going over the next several years. More importantly, how do we make it more affordable for the child care center to operate to the benefit of the Federal employee.

Mr. Wolf. Does this mean that OPM is really not getting involved as that article said? It sounds like you are right out in front, and they are not transferring the responsibility.

Mr. Austin. I would be reluctant to say that OPM is not involved. We have just been perhaps more involved.

Mr. Wolf. Could you give me a list of the 65 that are open and also a list of the ones that you are planning to open?

Mr. Austin. I would be happy to.

[The information follows:]

February 23, 1990

Status of Child Care Center Projects for Fiscal Year 1990 and Beyond
GSA - Controlled Space

LOCATION	TARGETED OPENING
Anchorage, AK	5/90
Arlington Hall - Arlington,VA	FY93
Asheville, NC	FY92
Battlecreek, MI (expansion)	TBR
Bozeman, Montana	TBR
Brookhaven, NY	FY91
Brooklyn, NY	FY92
Bus Barn - Engene, OR	9/90
Chamblee, GA	8/90
Cincinnati, OH	OPEN
City Post Office - Washington, DC	FY91
Colonnade Federal Building - Denver, CO	OPEN
Concorde Tower - Houston, TX	OPEN
Corvallis, OR	11/90
Degetau FB - Hato Rey, PR	FY92
DOE - Germantown, MD	FY91
Dulski FB - Buffalo, NY	FY91
FAA - Atlanta, GA	FY92
Fallon Federal Building - Baltimore, MD	OPEN
FBPO - Spokane, WA	9/90
Federal Center - St. Louis, MO	FY91
Federal Records Center - St. Louis, MO	FY91
Forrestal Building - Washington, DC	FY91
Hawthorne FB - CA	TBR
Hyattsville, MD	FY90
Javits FB - NY, NY (expansion)	6/90
Lincoln Place - Arlington, VA	FY90
Martinsburg, WV	9/90
McCoy Federal Building - Jackson, MS	8/90
Mobile, Al	TBR
New FB - Chicago, IL	6/91
New FB - Kansas City, Kansas	FY92
New FB - Paterson, NJ	FY92
NOAA - Silver Spring, MD	FY92
Oakland FB - Oakland, CA	TBR
O'Brien FB - Albany, NY (expansion)	FY91
Oklahoma City, OK	TBR
Omaha FB, NE	9/90
Pentagon - Arlington, VA	OPEN

Reston, VA	FY90
Rodino FB - Newark, NJ	FY92
Sacramento, CA	OPEN
Salt Lake City, Utah	TBR
San Francisco, CA	TBR
SSA - Woodlawn, MD	TBR
Syracuse, NY **(expansion)**	7/90
Young Federal Building - St. Louis, MO	9/90
State Department - Washington, DC	FY93
Union Center - Washington, DC	OPEN
U.S.F.S. - Olympia, WA	10/90
VA Hdqrs. - Washington, DC	TRB
White Flint - Rockville, MD	FY91

- SUMMARY OF THE ABOVE TARGETED PROJECTS (OPENINGS BY FISCAL YEAR)

FY'90	13	(includes 2 expansions)
FY'91	12	(includes 1 expansion)
FY'92	8	
FY'93	2	
TBR	10	(includes 1 expansion)
Total	45	targeted projects (41 new plus 4 expansions)
	+ 7	opened thus far in FY90
	52	projects

- **NOTE:** This list, as well as the targeted opening dates, is subject to change. It does not include all of the projects in the early developmental stages where opening dates have not been established.

TBR = To be reported.

CHILD CARE CENTERS PRESENTLY HOUSED IN GSA CONTROLLED SPACE

As of February 23, 1990

Opened Prior to FY 1987	Phone Number
1. John F. Kennedy Federal Building Government Center Boston, MA 02203 Center Name: Government Child Care Center Director: Teresa Kernes	617-227-7639
2. IRS Center Lowell St. Andover, MA 01810 Center Name: IRS Child Care Center Director: Jennifer Casper	508-474-5431
3. Federal Building 5000 Wissahickon Ave. Philadelphia, PA 19144 Center Name: Academy for Early Learning Center Director: Kathy Walsh	215-951-5554
4. Battle Creek Federal Center 74 N. Washington Ave. Battle Creek, MI 44017 Center Name: The Little White House Director: Colleen McHale	616-961-4271
5. Department of Housing and Urban Development 451 7th St., SW Washington, DC 20410 Center Name: Creative Child Development Center Director: Ann Byrne	202-554-2331
6. Department of Education 400 Maryland Ave., SW Washington, DC 20202 Center Name: Maenylie Day Care Center Acting Director: Rosalie Scott	202-732-5466
7. Department of Health and Human Services 200 Independence Ave., SW Washington, DC 20201 Center Name: HHS Child Development Center Director: Naomi Mathisn	202-488-3362

Opened in FY 1987 continued

8. Department of Labor 202-523-8553
200 Constitution Ave., NW
Washington, DC 20210
Center Name: DOL Child Care Center
Director: Celia Boykin

9. Department of Transportation 202-488-8994
800 Independence Ave., SW
Washington, DC 20591
Center Name: DOT Day Care Center
Director: Edward Ismail

10. McNamara Federal Building 313-226-4999
477 Michigan Ave.
Detroit, MI 48226
Center Name: Federal Child Care Center
Director: Julia Owens

11. General Services Administration 202-523-6945
18th and F Streets, NW
Washington, DC 20405
Center Name: Fingerprints
Director: Pam Simon

12. Environmental Protection Agency 202-475-7290
4th and M Streets, SW
Washington, DC 20024
Center Name: Early Environments Child Development Center
Director: Alice Lazun

Opened in FY 1988

13. B.H. Wipple Federal Building 612-726-1046
Fort Snelling
Saint Paul, MN 55111
Center Name: New Horizons Child Care Center
Director: Cynthia Sanchez

14. Denver Federal Center 303-233-5244
Denver, CO
Center Name: Developmental Day School
Director: Christine Peebles

Opened in FY 1988 continued

15. Chet Hollifield Federal Building 714-643-4258
Laguna Nigel, CA
Center Name: Ziggurate Child Development Center
Director: Molly Coler

16. Custom House 312-353-8687
610 S. Canal Street
Chicago, IL 60604
Center Name: Supertots
Director: Arnita Ratcliff

17. Kenneth B. Keating Federal Building 716-546-7070
and Courthouse
100 State Street
Rochester, NY
Center Name: Janet Rich Day Care Center, Inc.
Director: Art & Laura Bates

18. Silver Hill Executive Plaza 301-899-0501
3701 St. Barnabus Road
Suitland, MD
Center Name: Bureautots Child Care Center
Director: Evelyn Moch

19. Alfred P. Murrah Federal Building 405-231-4808
200 N.W. 5th Street
Oaklahoma City, OK 73012
Center Name: Uncle Sam's Kids Korner
Director: Kathy Cronemiller

20. ~~Richard B. Russell Federal Building~~ 404-522-8687
~~75 Spring Street~~ CLOSED 12/89
~~Atlanta, GA~~
~~Center Name: Developmental Day School~~
~~Director: N/A~~

21. James M. Hanley Federal Building 315-423-9165
100 South Clinton Street
Syracuse, NY
Center Name: Salvation Army Clinton Street
Day Care Center
Director: Joni Roberts

Opened in FY 1988 continued

22.	GSA Headquarters 15th and C Street, SW Auburn, WA Center Name: Willow Place Child Care Center Director: Maggie King	206-939-0234
23.	JFK Federal Building Gant Center Boston, MA Center Name: Government Child Care Center Director: Teressa Kearns	617-742-5171
24.	Jacob K. Javits Federal Building 26 Federal Plaza New York, NY Center Name: Fed Kids Child Care Center Director: Catyo Montalbano	212-732-4115
25.	Robert Denney Federal Building and Courthouse 100 Centennial Mall Lincoln, NE Center Name: Centennial Mall Child Care Center Director: Mary Tisdale & Nancy Bohlken	402-476-7644
26.	IRS Service Center 1160 West 1200 South Ogden, UT Center Name: Ogden Service Center Child Care Center Director: Katie A. Perkins	801-625-7547
27.	Fort Worth Federal Center 501 Felix Street, Bldg. 24 Fort Worth, TX Center Name: A Child's Place Director: Sunny Gutierrez	817-334-5228
28.	General Services Administration Regional Office Building 7th & D Streets, NW Washington, DC Center Name: The Creative Child Development Center Director: Ann Byrne	202-755-0886

Opened in FY 1988 continued

29. Park Place Building 206-725-0641
1200 6th Avenue
Seattle, WA
Center Name:
Director: Nicole Nash

30. Thomas P. O'Neill Federal Building 617-523-8118
10 Causeway Street
Boston, MA
Center Name: Government Child Care Center
Director: Teressa Kearns

31. Minton Capehart Federal Building 317-872-7755
575 N. Pennsylvania Street
Indianapolis, IN
Center Name: Circle City Funshine Factory
Director: Bonnie Rabatin

32. Anthony J. Celebrezze Federal Building 216-522-4453
1240 East 8th Street
Cleveland, OH
Center Name: U.S. Kids Child Care Center
Director: Jane Metrisin

33. IRS Center 203-525-8798
135 High Street
Hartford, CT
Center Name: Federal Child Care Center
Director: Denise Dionizio

34. Federal Courthouse and Custom House 218-727-4023
515 West 1st Street
Duluth, MN
Center Name: Early Years Child Care Center
Director: Deloris Anderson

35. Thurmond Federal Building 803-252-4006
1835 Assembly Street 791-0884
Columbia, SC
Center Name: ABC Darian Mini-school
Director: Brenda Smith

36. Federal Center South 206-767-5797
4735 E. Marginal Way South
Seattle, WA
Center Name:
Director: Cathy Wernecke

Opened in FY 1988 continued

37. Federal Building 816-421-6888
601 East 12th Street
Kansas City, MO
Center Name:
Director: Wendy Webb

Opened in FY 1989

38. Waltham Center 617-647-7763
Army Corps of Engineers
Building 110
Waltham, MA
Center Name: A Bright Horizon's Children's Center
Director: Cecelia Doyle

39. Department of Commerce 202-377-8587
Herbert Clark Hoover Building
14th and Constitution Avenue, NW
Washington, DC
Center Name: DOC Child Care Center
Director: Gail Taliaferro

40. Federal Trade Commission 202-326-2135
6th & Pennsylvania Ave.
Washington, DC
Center Name: FTC Child Care Center
Director: Nancy Hey

41. Leo W. O'Brien Federal Building 518-472-4593
Clinton Avenue and North Pearl Street
Albany, NY 12207
Center Name: Montessori Club Federal Child Care Center
Director: Lauraine Lang (Acting)

42. City Hall South 213-237-1267
Los Angeles, California
Center Name:
Director: Martin Shibata

Opened in FY 1989 continued

43. Covington, Kentucky 606-292-3280
Center Name: The Treasure House
Director: Cathy Davis

44. IRS Building 202-566-4753
Washington, DC
Center Name: Stay-N-Play Child Development Center
Director: Debbie Allbritton

45. William F. Greene Federal Building 215-627-1076
Philadelphia, PA
Center Name: The Learning Tree: Independence Mall
Director: Carolyn and John Carson

46. Everett Dirksen Federal Building 312-353-8687
Chicago, IL
Center Name: Supertots
Director: Arnita Ratcliff

47. Peachtree Summit 404-331-1600
Atlanta, GA
Center Name: Summit Child Care Center
Director: Pat Pollard

48. Multnomah Building 503-294-0847
319 Southwest Pine
Portland OR
Center Name: Joyful Noise Child Care Center, Inc.
Director: Sandra Moore

49. O'Hare Office Plaza (312)803-5181
Des Plaines, IL
Center Name: Parkside Childrens Services at the Lake
Director: Josie Disterhoff

50. Federal Building 502-583-2273
Louisville, KY 502-583-2334
Center Name: Uncle Sam's Place
Director: Lisa Meeks

51. IRS Service Center (FTS)760-8233
P.O. Box 934 (512)462-8233
Stop 1551-AUSC
Austin, Texas
Center Name: Future Stars
Director: Chris Reed

Opened in FY 1989 continued

52. Federal Building (518)282-3719
210 Walnut
Des Moines, IA
Center Name: Developmental Day School
Director: Tina Johnson

53. Moorhead Federal Building (412)281-1330
Pittsburgh, PA
Center Name: Wee The People Day Care Center
Director: Marilyn Williams

54. Federal Building (214)748-6077
207 S. Austin
Dallas, TX
Center Name: Stars And Tykes
Director: Rebecca Acevedo

55. Federal Building (FTS)926-1616
Bannister Road
Kansas City, MO
Center Name: Creative World
Director: Sharon Binkley

56. Roosevelt Federal Building (215)969-2143
Philadelphia, PA
Center Name: Sound Start/Upstart
Director: Frieda Brockman

57. Federal Building (808)537-9351
300 Ola Moana Blvd.
Honolulu, HI
Center Name: Prince Kuhio Child Care Center
Director: Judy Gaze

58. Federal Building (503)230-4114
1002 Holladay
Portland, OR
Center Name: Children's Holladay Center
Director: Mary Blackburn

Opened in FY 1990

59. Concorde Tower (713)759-0440
2001 Louisiana
Houston, TX
Center Name: Concorde School
Director: Sandra Thompson

60. The Pentagon (703)521-0223
Arlington, VA
Center Name: Children's World
Director: Diane Itterly

61. 2800 Cottage Way (916)971-4134
Sacramento, CA
Center Name: Cottage Kids Children Center
Director: Vegie McLean

62. Union Center Federal Building (202)357-5611
825 North Capital Street, NE
Washington, DC 20426
Center Name: Martha O. Hesse
Child Care Center
Director: Mary Khim

63. Colonnade Center Federal Building (303)571-0517
1244 Speer Boulevard
Denver, CO 80204-73102
Center Name: Developmental Day School
Director: Candi Waldo

64. John Weld Peck Federal Building (513)684-6373
550 Maine Street (Temporary #)
Cincinnati, OH 45202
Center Name: To Be Determined
Director: John Pierce

65. Arena Complex (301)727-1785
200 W. Lombard Street
Baltimore, MD 21201
Center Name: Fallon Federal
Child Care Center
Director: Ursula Hawkins

CHILD CARE CENTERS OPERATIONS

Mr. **Wolf**. Does each one have a parent board?

Mr. **Austin**. Each one has a governing board, whether that board is made up of federal women's groups, or whether that board is made up of the FEB——

Mr. **Wolf**. What is that?

Mr. **Austin**. The Federal Executive Board. Sometimes the board is made up of parents themselves, but I would be hesitant in identifying that all of them are made up of parent boards. However, parents do play an important role in the operation of all of the centers.

Mr. **Wolf**. Are you involved in the one that the White House is considering?

Mr. **Austin**. Yes sir. In fact, I have appointed a member to coordinate that from my staff, and we are working both with the White House and with Treasury since it is going to be a combined center.

Mr. **Wolf**. Treasury and the White House?

Mr. **Austin**. The location will probably be off site of the White House with proximity to the Treasury and the White House.

Mr. **Wolf**. Does that look like it is going to take place?

Mr. **Austin**. Yes sir, it does.

Mr. **Wolf**. When will that be?

Mr. **Austin**. The committee is just beginning to meet. I have a commitment of some funds to assist the development of that center. I would hope that within the next six months to a year, it would be done. The reason I say six months to a year, obviously there are security considerations that have to be met, and there are those requirements that have to be met in terms of providing day care center green space and so on and so forth.

May I also say, just as an aside here, I would invite all of you to attend the ground breaking in April of our first child care playground that is being developed in the park between Interior and GSA. This playground will be utilized for four child care centers currently operating in this vicinity.

Mr. **Wolf**. They are for government employees?

Mr. **Austin**. Three Government and one private.

Mr. **Wolf**. Good. Thank you.

OCCUPATION OF FOREIGN FACILITIES

Third question. There has been a lot of talk about foreign direct investment and the purchase of buildings by the Japanese in Honolulu and Los Angeles and New York. What impact has that had on government rates? Has that had any impact on availability and price and things like that?

Mr. **Austin**. Congressman, I could not answer that at this point. I don't know the answer to that, and I don't know that we have the answer. My speculation would be that while there may well be—and I don't know the degree or number that might be foreign operated facilities that we occupy—many of them, all of them, I would suspect, would have to be tied to whatever the prevailing market rate is.

Mr. **Wolf**. Well, that was my second question. In the Los Angeles market, 30 percent of the real estate in downtown Los Angeles was foreign owned. Today that figure is between 40 and 50 percent. Has that had an impact with regard to the government trying to lease space or build space, since it drives up prices.

Mr. **Austin**. To my knowledge, it has not. But I would want to reserve the right to go back and do a survey on that and respond to you more precisely.

Mr. **Wolf**. Could you, and maybe you could come by my office to discuss this?

Mr. **Austin**. Yes sir. I would be happy to.

Mr. **Wolf**. Following up, could you give me a list of the number of federal agencies that are now located in foreign owned buildings?

Mr. **Austin**. To the degree that we would have knowledge of that, yes sir. Particularly in buildings where we are only a partial occupant, they may well be represented by another entity, and we would have no knowledge of who the parent entity would be. But to the extent that we have personal knowledge of whether or not the facility is controlled or partially controlled by a foreign entity, we would have to——

Mr. **Wolf**. Is it fairly extensive in certain parts of the country?

Mr. **Austin**. Again, I would not know what that universe is and I would reserve comment until we had an opportunity to look at that.

Mr. **Wolf**. If you could give me a list of those that you know are in foreign owned governments.

Mr. **Austin**. Yes sir, be happy to.

[Note: This information is unavailable.]

BASE CLOSURES

Mr. **Wolf**. The last question—well, I have two other questions. What impact will the supposed base closings have? I use supposed, because I assume there will be base closings. What impact will that have on GSA and your role?

Mr. **Austin**. Well, Congressman, as I am sure you know, we analyzed up front GSA's participating in the disposal side of the closure issue. After some review and discussion of who would retain the ultimate right of disposal, and I was looking there at the issue of the homeless versus an issue of economic or some other kind of interest, it was decided that DOD would actually retain the right of final approval for disposal.

In that light, I delegated to the Secretary of Defense, subject to all applicable laws, including the McKinney Act, the right of disposal and of establishing its own process for that disposal. He then further delegated down to the individual services. Ironically enough, however, the Department of the Air Force has come back and contracted with GSA to advise and provide technical assistance on how to dispose of the property. Obviously there is going to be great interest and great competitive interest in what happens to those properties. Particularly in areas not dissimilar to Rantoul, Illinois, where Chanute Air Force Base will close, and the base was one of the principal employers for that community. Obviously they are going to be looking for additional economic kinds of considerations for the ongoing operation of that facility.

In terms of impact on GSA, it really does not have an impact, short of the benefits we could have accrued for the Federal Government through the properties' sale.

Mr. **Wolf**. Will you look to see if there is a federal need first?

Mr. **Austin**. Yes sir. We first screened for continued federal——

Mr. **Wolf**. What is the hierarchy?

Mr. **Austin**. First screening is for federal use.

Second screening is for compliance with the McKinney Act, which deals with the homeless.

Third screening is the state and local governments.

Fourth screening then is to the general public.

Mr. **Wolf**. The reason I ask, when you look at the Fort Meade situation, there is a great controversy. I have seen environmentalists want it for environmental reasons. Interior has expressed interest. A couple of other agencies have expressed interest. The private sector has expressed interest, and I was wondering, is there a formal process to sort all of that out and determine who will ultimately get the property? Who will decide, will it be GSA or will it be the Defense Department?

Mr. **Austin**. The Defense Department.

Mr. **Wolf**. So the Defense Department will make a decision on Fort Meade?

Mr. **Austin**. Yes sir. The ostensible difference, Congressman, is that the proceeds derived from the sale go back to DOD.

Mr. **Wolf**. So the Presidio, if it closed, that money would all go back to DOD.

Mr. **Austin**. Yes, sir.

Mr. **Wolf**. Has there been a projection, looking at potential base closings, that Secretary Cheney has come out with at this time as to what the revenue would be if they were all sold at fair market value?

Mr. **Austin**. I don't know what the appraisal prices are on those properties, and I am sure DOD is treating it similarly to the way GSA does. It would be something that we would not necessarily disclose.

Mr. **Wolf**. Is that a different process than you have used in the past on excessing Federal properties?

Mr. **Austin**. You mean changing the proceeds flow?

Mr. **Wolf**. Yes.

Mr. **Austin**. Yes, sir.

Mr. **Wolf**. Why was that done?

Mr. **Austin**. Because when Congress passed the Base Closure Act, they provided for DOD to retain the proceeds from the sales. It was initially designed by Secretary Carlucci, as I understand it.

Mr. **Wolf**. So that was in the legislation?

Mr. **Austin**. Yes, sir.

Mr. **Lowery**. Tremendous costs associated with the new facilities?

Mr. **Wolf**. No, but I meant the excess costs. We have closed down missile sites in the past that the money has gone to the land and water conservation.

Mr. **Fontaine**. We did it, not DOD.

Mr. **Wolf**. But I mean the missile base was a Federal DOD facility.

Mr. **Fontaine**. They excessed it to us.

Mr. **Austin**. And certainly Congressman, not to be even more confusing, we are disposing of some surplus properties that DOD has, which are not contained within the Base Closure Act.

We are doing that but those enumerated properties, bases, identified——

Mr. **Wolf**. So the difference is the ones that have been listed, they maintain.

Mr. **Austin**. Yes, sir.

Mr. **Wolf**. They excess, like an old missile base——

Mr. **Austin**. It comes to us.

Mr. **Fontaine**. Different scenario.

FORMER PRESIDENTS

Mr. **Wolf**. The last question is one, and maybe you don't have to go into detail here; you can just come by my office and we can chat about it. It is about the concern that a growing number of people on this committee have, and that is the concern of reimbursement by the Federal Government with regard to some of the costs for former Presidents.

I have never raised any question with regard to former Presidents. But last year I saw some trips taken and some activities that I have questions about.

Can you come by my office and tell me what the various costs are, the Secret Service costs and different costs?

Mr. **Austin**. Well, actually we don't have the Secret Service costs.

Mr. **Wolf**. I will ask them. Do you have the other costs?

Mr. **Austin**. We have the allocated budget costs; yes, sir.

Mr. **Wolf**. Maybe what we could do is have somebody from your office come by and somebody from Secret Service at the same time. Could you call my office and when you do, call them and get them to come up at the same time?

Mr. **Austin**. Be happy to.

Mr. **Wolf**. Thank you, Mr. Chairman.

Mr. **Roybal**. Thank you, Mr. Wolf. Mr. Alexander has a question for the record.

CONVERSION OF OPERATIONS FROM DIRECT TO REIMBURSABLE FUNDING

Mr. **Alexander**. The largest change in your request for direct appropriations is a $43.4 million decrease from the conversion of your accounting operations from direct to reimbursable funding. Does this mean these costs will now be passed on to the agencies as part of your overhead? If so, why do you not propose that we just fund your entire operation that way and eliminate direct appropriations to GSA altogether?

Mr. **Austin**. The President's 1991 Budget proposes the conversion of GSA's internal centralized accounting and payroll support functions from direct GM&A appropriation to reimbursable funding from GSA's benefiting accounts which are principally industrially funded. The amounts included in the benefiting accounts for reimbursement to GM&A are based on providing accounting services and the per capita costs of payrolling employees. The cost of these support services to the industrially funded benefiting accounts such as the General Supply Fund and Information Technology Fund are in turn factored into the prices and rates charged to their customer agencies for services provided.

The remainder of GM&A's centralized internal administrative and staff support services could likewise be considered for conversion from direct appropriation to reimbursable funding from GSA's benefiting accounts, either in a single cutover or progressively over several budget cycles. For example, the remainder of the Comptroller's functions could be considered for inclusion under this new arrangement, thereby eliminating two different funding mechanisms for a single office. The Office of Administration which provides various types of support services to GSA employees and the legal counsel functions are the other significant areas involved. These latter functions could be considered for future phased cutover to assure smooth transitioning of the consequent assessment of the additional costs that would need to be included in the prices and rates charged to the Federal agency customers by the benefiting industrially funded accounts.

Continuing agency policy direction and related functions under a separate direct appropriation would appear feasible since they cannot be precisely related to specific agency programs for purposes of equity in funding assessments. This approach is similar to the enactment of Operating Expenses appropriations for Federal Supply Service and Information Resources Management Service which are otherwise industrially funded.

The proposed financial arrangement in the 1991 Budget referenced above and any further conversions of similar centralized internal administrative and staff support functions to this arrangement, based on per capita and performance costs, is adequate for providing regular recurring services. However, consideration needs to be given on how to obtain future funding for any large one-time costs such as ADP equipment acquisitions and systems development projects required to perform these centralized services effectively and efficiently. If the largely benefiting industrially funded accounts were assessed, these one-time costs would have to be passed on to their customers through increases in the prices and rates which could have an unsettling effect on the other customer agencies. The few remaining directly funded Operating Expenses appropriations would receive a significantly smaller share of this assessment for one-time costs which would require an additional appropriation.

From an overall view, GSA is now predominately industrially funded with an annual business volume approaching $9 billion. Currently, annual direct appropriations are under $300 million or less than 3% of the total business volume; therefore, a direct appropriation may be the most satisfactory way to provide for large one-time costs incurred in the centralized support area, in that it would eliminate the need to fluctuate prices to provide for these costs.

The Federal Property Resources Services (FPRS) currently receives annual Operating Expenses appropriations from receipts far disposals of surplus real property pursuant to the Land and Water Conservation Fund statutes, permanent appropriations for contractual expenses related to surplus real property disposals from receipts from disposals under the Federal Property Act, and direct appropriations for Governmentwide relocation assistance from underutilized properties under the Federal Property Act. These three sources of financing constitute Budget Authority or appropriation. Due to the specificity of the current statutes there would need to be a legislative change to provide for FPRS to be totally industrially funded from these receipts with obligational authority limitations like the Federal Buildings Fund instead of direct appropriations. Current direct annual appropriations total $23 million.

FTS 2000 SYSTEM

Mr. **Roybal**. Thank you.

Mr. Austin, I would like to ask you a question for the record, and then we will go on to the pending fund. But I would like to know what the current status of the modification of the telecommunications system is, how much it will ultimately cost, and how it will be funded.

Mr. **Austin**. Mr. Chairman, are you talking about the FTS 2000 system?

Mr. **Roybal**. Yes.

Mr. **Austin**. Let me indicate that we are on schedule in terms of the implementation of the FTS 2000.

Mr. **Buckholtz**. We have completed phase 8 over the last weekend.

Mr. **Austin**. In terms of the cost of the service, the cost was capped at approximately $25 billion over 10 years. However, the actual value of the contracts will depend on the amount of services used by the Government. I believe the combined value of the contracts are between $3 billion to $10 billion.

The estimated savings are anticipated on voice transmission alone at approximately $150 million a year. That will go up once we begin doing both high speed data transmission and visual transmission across the system, and it's the same system.

As you know, the contract was split 60/40. AT&T controls 60 percent of the contract; Sprint, U.S. Sprint, controls 40 percent of the contract.

FBF SUMMARY

Mr. **Roybal**. Now, also for the record, would you indicate what activities and functions are funded by monies paid into the Federal Buildings Fund.

Mr. **Austin**. All activities of the Public Buildings Service are covered by the Federal Buildings Fund. This includes new construction, building purchase, repairs and alterations, project management, installment purchase payments, real property operations, and program direction.

Mr. **DiLuchio**. Rental space.

Mr. **Austin**. It includes rental of space, leases, lease obligations; it includes design and engineering and virtually everything else that is done by PBS.

Mr. **Roybal**. All right. Now, how is all of this funded, actually? Where does the money come from?

Mr. **Austin**. The money comes from rents charged to agencies that occupy the space held by GSA in approximately 253 million square feet of space.

Mr. **Roybal**. Do you anticipate increasing those rates?

Mr. **Austin**. Yes, sir, we do.

Mr. **Roybal**. By how much?

Mr. **Austin**. Well, it will depend upon the market area, based on market surveys, the cost of operations, as well as how we acquire that facility.

As we go into least cost financing, obviously those costs will be reflected and transmitted back to the occupying agencies.

Mr. **Roybal**. Yes, but how do your rents compare to the market rents?

Mr. **Austin**. Our rents are derived from the market rate. We do a commercial survey in the market area of comparable space.

Mr. **Roybal**. Are they equal to the market rate, less, or more?

Mr. **Austin**. At the time the survey is done, it's comparable to the market rate. However, understanding that that market expands and changes, we do our market surveys every five years, so that the first year yes, the second year, it's problematic. The third year I will guarantee that we are lower, and by the fifth year, we are out of sync.

Mr. **Roybal**. But at the time that you enter into a lease agreement, you lease at the market rate?

Mr. **Austin**. Yes, sir.

Mr. **Roybal**. Do you also provide for increases over the period of a five-year lease?

Mr. **Austin**. The increases that are provided for include the direct pass-through of 100 percent of the changes in CPI and also the change in actual operating costs.

Mr. **Roybal**. All right.

Now that actually is sufficient then to take care of your buildings.

Mr. **Austin**. I wouldn't go quite that far.

Mr. **Roybal**. All the things you enumerated come out of that fund. Does that include the maintenance and appropriations of ventilators?

Mr. **Austin**. Yes, sir, it does.

Mr. **Roybal**. I want to be sure about that, Mr. Austin, because I think that is most important. I have some other questions and so do the other Members, and we would like to submit them to you so that you can answer the questions in writing.

Mr. **Austin**. Yes, sir.

Mr. **Roybal**. I appreciate your prompt answers and look forward to them as soon as possible.

Mr. **Austin**. Yes, sir, I will.

[The information follows:]

QUESTIONS FOR THE RECORD FROM CONGRESSMAN WILLIAM D. LOWERY

BORDER STATIONS

QUESTION:

Please comment on the Customs study requesting or identifying eight additional southwest border station facilities.

ANSWER:

The General Services Administration (GSA) is not aware of the Customs study recommending eight additional ports of entry on the southwest border. The work being carried out under the current border station initiative is based on the results of a 1987 study of border station requirements done by the U.S. Customs Service, as well as needs for facilities at proposed new bridge crossings in Brownsville and Laredo, Texas added later. The current program will increase the ability of the inspection agencies to process traffic through the expansion of existing facilities and the construction of new facilities along the border.

In regard to any new facilities requirements along the southwest border, GSA will work closely in responding to the needs of the inspection agencies when GSA receives their requirements.

QUESTION:

Please provide for the record, written status reports on the current and proposed San Diego border facilities.

ANSWER:

There are two existing border facilities in the San Diego area, Otay Mesa and San Ysidro, as well as proposals for a third crossing west of San Ysidro in the Imperial Beach area.

Otay Mesa

At Otay Mesa the General Services Administration (GSA) is renovating and expanding the existing facility, as well as building a new commercial facility. The renovation work on the existing facility is fully funded at $5.4 million. The work includes expansion and improvement of the primary and secondary inspection areas for passenger vehicles. In the existing commercial dock the work includes improved lighting, an enlarged exit to Mexico, additional booths, renovation of the existing dock, construction of new dock space, and installation of a new bulk cargo inspection area. The design for this work was awarded in October 1989, and construction is scheduled for award in the latter part of calendar year 1990.

In regard to the new commercial facility at Otay Mesa, $9.2

million has been appropriated to date for this project that is estimated to cost $23.3 million. The 16 acre site for the facility has been purchased. The design award is tentatively scheduled for June. The tentative nature of the award is because GSA needs final agreement with Mexico on the alignment of their new commercial station with our new facility. At the "border walk" with U.S. and Mexican officials February 13-15, 1990, GSA received a preliminary sketch of Mexico's design for their new commercial facility. It is expected that this new commercial facility at Otay Mesa will be discussed at the bi-lateral meetings with Mexico at the end of March. It estimated that design will take a little over a year, and that construction would take a little over two years.

San Ysidro

At the San Ysidro border station GSA awarded a design contract for asbestos and safety work in November 1989, as well as a design contract for work on the adjacent Virginia Street station in December 1989. The appropriations for these two phases of work at the station total $8.8 million. The design work for asbestos and safety includes removal of asbestos from the main building, the primary vehicle canopy area, and the secondary headhouse, as well as design of the expansion of the pedestrian inspection area. The design work at Virginia Street includes a new canopy at the south gate, a new primary booth with alarm, regarding, lighting and reconfiguration of the existing space. It is estimated that the construction award for both of these projects will be in the first quarter of FY 1991.

Additional work at San Ysidro that is still in the initial design phase, and includes bullet resistant glazing, speed bumps, fencing, and other renovation and alteration work.

Imperial Beach

The proposal for a new station west of San Ysidro in the Imperial Beach area is currently under study by GSA and the U.S. Customs Service. In order to obtain the information necessary for the study GSA has contacted the San Diego Association of Governments about traffic information, and has discussed and looked at potential sites with the Immigration and Naturalization Service (INS) and Department of Agriculture (USDA) representatives. In early February GSA received station requirements from the U.S. Customs Service (USCS). GSA is consulting with INS and USDA on how these requirements mesh with their needs. During the US-Mexico border walk in February the delegation of U.S. and Mexican officials toured potential crossing sites and attended a presentation by the Tijuana Tourist Board that stressed the need for speedier access into San Diego from Mexico. GSA and the USCS expect to provide the results of this study to Congress within 90 days.

SECURITY AT THE SAN DIEGO FEDERAL COURTHOUSE

QUESTION:

What is the status of 24 hour security at the San Diego Federal Building?

ANSWER:

Security at the San Diego Federal Building consists of a Contract Guard patrolling throughout the facility, 24 hours a day, seven days a week. The guard has been issued two pagers; one is connected directly to the duress alarm installed in Congressman Lowery's Office to provide for immediate response, the other is connected to the Federal Protective Service (FPS) Emergency Control Center for dispatching purposes.

QUESTION:

How many FPS Officers are on duty in the building and in San Diego?

ANSWER:

A Federal Protective Officer provides security and law enforcement response to the Federal Building and other Federal facilities in San Diego, from 8:00 AM to 4:00 PM, Monday through Friday. In addition, a Physical Security Specialist, with GSA law enforcement authority, provides added security services for the building and other Government facilities in San Diego.

QUESTION:

What is the status of plans to connect office "panic buttons" to the Federal Marshal's Office in the Courthouse?

ANSWER:

Previous meetings between regional and district officials of FPS and the U.S. Marshals Service (USMS) office in San Diego, created the understanding that the duress alarm installed in Congressman Lowery's Office was connected to the USMS alarm panel for dual monitoring purposes. However the USMS has no intention of providing a monitoring hook-up for the duress alarm. FPS is currently, and will continue to monitor the duress alarm. Approximately 10 other duress alarms are being monitored for tenant agencies in the Federal Building. In addition FPS also monitors 9 office intrusion alarms for Government agencies in the Federal Building, and 5 intrusion alarm systems for agencies in other locations in San Diego. The San Diego Police Department also provides response to the Federal Building in emergency situations which are beyond the capability of our security personnel. The Police Department has been very cooperative in providing this service.

QUESTION:

Have any other security improvements been made?

ANSWER:

The patrol responsibilities of the contract guard at the Federal Building were extended to include patrolling exterior grounds. This measure has increased security considerably. In an effort to improve special security surveillance, exterior mounted Closed Circuit Television cameras surrounding the Federal Building are scheduled to be upgraded with state-of-the-art equipment in FY 1990. Numerous other Federal facilities located in San Diego have contract guards assigned to them as added security measures.

In addition, a contract will be awarded on July 17, 1990, to replace the worn perimeter doors at the Federal Building. Installation of the subject perimeter doors will be accomplished 90 to 120 days after the contract has been awarded.

SAN DIEGO FEDERAL COURTHOUSE

QUESTION:

Concern has been expressed over the pace of repairs and alterations to the offices and courtrooms at the Federal District Court in San Diego. What is the status of this project and can the work be expedited?

ANSWER:

The project for the Federal District Court includes the construction of courtrooms 11 and 12 with ancillary spaces. Some delays were encountered in developing the courts specific space requirements so that the design could proceed. The courts also had certain funding responsibilities for above standard items. The funds were just received in the regional office the week of February 26, 1990. The contract could not be awarded until the funds were available.

The bid opening date is scheduled for March 13, 1990, and the contract award is planned for mid-April. There should be no further delays in the project.

QUESTIONS FOR THE RECORD FROM CONGRESSMAN BILL ALEXANDER

LEAST COST SPACE ACQUISITION

QUESTION:

What is the General Services Administration's (GSA) nationwide policy towards least-cost space acquisition within any metropolitan area? In other words, if a Federal agency needs new space in the Memphis area, and a contractor or landlord in Crittenden County, Arkansas can provide the space at less cost to the government than his competitors in Memphis, will GSA acquire the space in Crittenden County? If not, why not?

ANSWER:

It is our policy that each agency determine the appropriate geographic area for its space facilities and certify that the locational decision is consistent with requirements of all applicable laws and regulations. We then evaluate the area identified to determine if it is reasonable and that there is adequate competition in accordance with the Competition In Contracting Act of 1984.

However, in the specific case of the relocation of the Internal Revenue Service currently located in Memphis, Tennessee, there is legislative direction for IRS to maintain its operations in Memphis. In accordance with Public Law 100-440, section 8(a) "The Administrator of General Services shall acquire from the State of Tennessee or a political subdivision thereof by lease purchase a building to house the Internal Revenue Service Center in Memphis, Tennessee, and such other Federal agencies as may be appropriate..."

CONSTRUCTION VERSUS LEASING

QUESTION:

What is the policy of the Bush Administration with regards to construction versus leasing? Which does the Administration prefer?

ANSWER:

It is the policy of this Administration to provide quality space for our tenant agencies at the best value to the Federal government and the public. Where it is economically advantageous and a long-term stable space requirement exists, we prefer Federal ownership as opposed to leasing.

QUESTION:

Considering the fact that your rent request reflects an increase in spending that nearly equals the entire budget for construction and acquisition, how, then, is it possible to say we are moving away from leased space and towards owned space?

ANSWER:

It is GSA's goal to reduce our dependence on costly leased space for housing Federal agencies; however, our ability to accomplish this goal is severely restricted by the funds available for new construction within the Federal Buildings Fund and the continued demand for expansion space on the part of our client agencies. It is not possible within the resources of the Fund to replace existing leases with Federally-owned space and to meet expansion space needs through Federal ownership. The GSA/OMB joint study on Federal Real Property concluded that over fiscal years 1991 through 1993 there is a $3 billion requirement for the new construction program and only $500 million available within the Fund. The remaining $2.5 billion must be financed through some other mechanism if GSA is to make substantial progress in increasing the ratio of Government-owned to leased space.

QUESTION:

Of the new office space to be acquired in FY 1991, how many square feet will be Federally-owned and how many will be leased?

ANSWER:

The FY 1991 budget does not contain any new projects for the acquisition of Federally-owned office buildings. The proposed new construction program will provide 1,049,367 square feet primarily for the U.S. Courts at seven locations and 96,905 square feet of special purpose space for the U.S. Geological Survey in Menlo Park, CA.

Our FY 1991 Rental of Space request includes 7,262,000 square feet for leased expansion space. Of this amount, 601,000 square feet is due to the temporary relocation of tenants from federal buildings undergoing major repairs and alternations and 1,194,000 square feet is due to the replacement of obsolete federal warehouse facilities. The remaining 5,467,000 square feet for tenant agency expansion is predominantly office space.

QUESTIONS FOR THE RECORD FROM CONGRESSMAN STENY H. HOYER

MINORITY PARTICIPATION IN THE LEASING PROGRAM

QUESTION:

Does GSA have a goal for minority participation in lease and purchase operations of GSA?

ANSWER:

No. The General Services Administration acquires space by lease through a competitive process and we encourage all interested parties including minority businesses to participate. GSA collects information from offerors regarding whether the offeror is a small business, small disadvantaged business or woman owned business but we do not give preference in the award of leases to any type of business entity.

QUESTION:

Could Austin apply the 5 percent goal across the board so that it provides minority and disadvantaged businesses the opportunity to compete on lease actions and property acquisitions?

ANSWER:

The language of section 8(a) of the Small Business Act which provides for Government agencies to award contracts to the Small Business Administration (SBA) for subcontracting to small disadvantaged businesses is specificially directed toward the furnishing of supplies, services, and construction work and does not address leasehold interests in real property. Although the statutory language regarding set-asides is broader than that for 8(a), neither that language nor the legislative history of the Small Business Act indicate that such acquisitions were intended to be set-aside for small business. In addition, SBA regulations do not apply to leases of real property.

QUESTION:

Historically, minorities have not been active in this area. A demonstration program would uncover if anyone is out there as well as cultivate and encourage business development. Could Austin initiate a demonstration project for 8(a) set-aside or sole source, or some other form in order to assist minority growth in the lease, lease-purchase, or opportunity purchase program?

ANSWER:

SBA regulations do not apply to leases of real property. However, the requirements of Public Law 95-507 regarding small business and small disadvantaged business subcontracting are applied to leases of real property. Specifically, all leases over $10,000 per year include a clause which requires the lessor to implement the policy of maximizing subcontracting opportunities for small businesses and small disadvantaged businesses. Leases for more than $500,000 per year also include a clause which requires a lessor who is not a small business to submit a subcontracting plan designed to aid small businesses and small disadvantaged businesses. A clause which provides for the assessment of liquidated damages for failure to make a good faith effort to comply with the subcontracting plan, is also included in leases.

QUESTION:

How is the 5 percent goal determined? How successful has GSA been in reaching it in other areas, such as construction, supplies and services?

ANSWER:

The 5 percent goal is established as a percent of the total dollar value of contracts awarded in each major program area within the agency. These dollar values and percentages are then combined to reflect the overall agency performance against the goal.

Our success has been varied based upon the particular procurement area. Construction has had some success due to the increased ability of many minority firms to compete for projects under full and open competition, as well as, the number of minority contractors performing construction under the 8(a) program. Overall success in attaining the 5 percent goal is complicated by the increased number of project exceeding $10 million dollars.

QUESTION:

Should the goal be variable depending on the region? Would it make sense to have a higher goal in the Washington Metro region for example? Montgomery and Prince George's counties have goals of 35 percent and both are very successful at meeting those goals. Why can't the Federal Government do more?

ANSWER:

Consistent with the myriad of procurement statutes, regulations, and Executive Orders, GSA has looked to areas such as the Washington, D.C., New York/New Jersey, and San Francisco/Oakland Metropolitan regions to have higher numbers of contract awards to minority firms. These and other major metropolitan areas have higher potential for awards to minority firms due to the increased number of minority firms located in the areas. These areas compensate for other areas of the nation that have a lesser number of minority firms.

Our procurements must be reviewed from a larger perspective than specific counties or metropolitan areas. The impact of a procurement decision must not be to the detriment of 1) the overall market of a particular industry, 2) small business firms in a particular market, 3) designated labor surplus areas, 4) disadvantaged firms in a particular market, and or any other segment of an industry covered by other mandated programs that impact upon contracting.

LEAST COST FINANCING

QUESTION:

What is the best form of financing? Why can't we revitalize and use the old Federal Financing Bank if it will save us a billion dollars?

ANSWER:

The Federal Financing Bank (FFB) offers the lowest cost of funds. The FFB buys agency obligations for 12.5 basis points (1/8%) over comparable term Treasuries. The next lowest cost of financing is for GSA to place the financings directly in the securities markets at a cost estimated to be 35 basis points over Treasuries. When a developer securitizes the financing of a lease project, without the full faith and credit of the Federal Government, the estimated cost increases to approximately 75 basis points. Where the financing is placed by a developer (e.g., with an insurance company or pension fund) the cost increases further to about 100 basis points.

Clearly, the FFB offers the lowest cost of funds. The problem with financing through the FFB is that funds provided through this source are "scored". In effect, the financing is treated in the same manner as direct appropriations.

QUESTION:

What needs to be done to make this work? I believe the subcommittee would be very interested in making this work - we will work with you to accomplish this goal and see if we can't save the taxpayer some money!

ANSWER:

The legislation authorizing "least cost financing" could provide for an exemption from current FFB scoring procedures under the Balanced Budget and Emergency Deficit Control Act of 1985.

BONDING REQUIREMENTS FOR SMALL COMPANIES

QUESTION:

Recently, GSA has issued contracts for 36 months, instead of one year with renewal options and requiring 20 percent bid and performance bonds for the 3 year period.

Bonding companies don't want to guarantee a contract for 3 years, especially for smaller companies.

Could GSA establish a mechanism to protect smaller businesses from what appears to be an onercus requirement? It especially hits small heating and cooling, and maintenance service contractors, many of whom live in my District.

ANSWER:

The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(a)), was further amended on October 20, 1965, to authorize the Administrator of General Services to enter into contracts for the inspection, maintenance, and repair of fixed equipment in federally-owned buildings for periods not to exceed 3 years. Since this authority was given, GSA has issued multi-year contracts covering fixed equipment maintenance service.

Part 28 of the Federal Acquisition Regulations (FAR) governs the use of bonding in Federal contracts. At the discretion of the Contracting Officer, bonds may be required on a case-by-case basis for building service contracts in excess of $25,000, to protect the Government's interest. The criticality of contractor performance on operation and maintenance of fixed equipment services contracts is a key factor in Contracting Officer's decision to include bonding requirements.

We do not view the use of bonding in building service contracts as an onerous requirement; however, we are aware of the reluctance of bonding companies to provide bonding to firms that appear to be less than totally viable.

IRS CHURCH STREET

QUESTION:

What is the status of renovations at Church Street in NYC?

ANSWER:

The elevator modernization is underway and will not be completed for 2 years. However, the owners have an elevator maintenance contract in place with an elevator mechanic on site daily to respond immediately to any problems. The air conditioning chillers are being replaced and, in the interim, the ownership's mechanical engineer and staff are on site daily to ensure temperature controls are maintained at GSA standard. In addition, ducts and fan coil units have been cleaned to improve air circulation.

Rodent problems due to employee food waste and eating at work stations has been abated through extra exterminations and special collections of food scraps deposited in designated containers. This was coordinated with the IRS. A trash compactor has been installed to eliminate buildup of bagged waste.

In order to eliminate water leaks, a contract has been awarded by the lessor to replace the roofs and offsets. This work is substantially complete. Windows have been re-caulked and broken window panes have been replaced.

QUESTION:

What is the status of efforts to move employees out of that building?

ANSWER:

GSA had been soliciting for replacement space for this operation. However, due to a lack of responsiveness to the solicitation, it was mutually agreed (by GSA and IRS) to cancel the procurement. Currently, due to budgetary constraints, IRS is reviewing its long range space requirements for the Manhattan District Office. Upon completion of this review, GSA and IRS will meet and develop a new procurement strategy. IRS has advised our regional office that it anticipates completion of its review by the end of March 1990, which IRS expects to result in a significant reduction in their space requirements.

QUESTION:

Has the lessor been helpful or has GSA had to take over clean up?

ANSWER:

The lessor has been helpful and the General Services Administration has not had to take over the clean up responsibilities. GSA is working with the lessor to monitor completion of repairs to the building as previously agreed.

GOVERNMENT EXECUTIVE MAGAZINE/MAINTENANCE OF BUILDINGS

QUESTION:

Government Executive magazine ran an article in October which referred to the poor maintenance of Federal buildings. This has a direct impact on productivity and morale of the work force.

What plans do you have for improving this situation? What can be done to improve the cleanliness and health of these buildings?

ANSWER:

The article implies that all Federal buildings are poorly maintained. While some of the individual examples are correct, Federal buildings overall are well maintained by highly competent Government facility managers. The managers are doing an excellent job. They are highly qualified and dedicated to maintaining our Federal assets and providing a safe and healthful working environment for Federal employees.

GSA's indoor air quality program for Federally-owned and leased buildings is recognized as an aggressive, pro-active approach to the resolution of indoor air quality concerns, and is considered by environmental professionals to be in the forefront of property management activities in this area.

In order to continually improve our management operations, a wide range of inspections, evaluations, and surveys are routinely performed at all management levels within GSA's Public Buildings Service. These evaluations enable us to improve the safety, health, habitability, and physical appearance and condition of our buildings. Where deficiencies are identified, they are corrected immediately, if possible. If design or resource programing is required, the corrective actions are scheduled and tracked until accomplished.

We recognize that the working environment directly affects morale and thereby productivity. Therefore, meetings are frequently held with our client agencies to discuss current concerns, future changes affecting the building or space, and to gain their cooperation in meeting such objectives and goals as reducing energy consumption, designating non smoking areas, establishing child care centers, promoting physical fitness centers, incorporating art into the architecture of our facilities, etc. These meetings prove vital to our operations and lead to furthering mutual cooperation in improving our overall service delivery, increasing productivity, and reducing costs. Tenant ideas and suggestions, whenever possible, are incorporated into our building operating procedures. We will continue these practices to ensure continued improvement in the future.

In addition, when problems are encountered, we do not hesitate to send senior technical professionals and executives from our regional and Washington headquarters to resolve customer concerns. We have several recent examples of the success of this program if you would like more detail.

In conclusion, let me assure you that GSA is committed to a quality workplace for all of the approximately 1,000,000 Federal employees of the various Governmental agencies and organizations for which we have property management responsibility. We recognize that some of our buildings, primarily because of their age, are in need of improvement. However, on balance, we believe our buildings are maintained and operated in a highly professional manner and take great pride in our performance of providing a safe and healthful working environment for the Federal employee.

ACCESSIBILITY FOR THE HANDICAPPED

QUESTION:

Are all Federal buildings in compliance with handicap access standards?

ANSWER:

GSA properties are in conformance with the Uniform Federal Accessibility Standards which were developed by standards setting Federal agencies after the accessibility legislation was enacted in 1968 and 1973. They require that newly constructed facilities and renovations to existing buildings be accomplished in accordance with the criteria published.

Most of the 1,700 buildings owned by the General Services Administration (GSA) were constructed prior to the enactment of the accessibility legislation. These laws only require accessibility modifications to a building being altered. However, during the late 1970's, an accelerated program to make all GSA owned properties accessible was initiated and completed. This program did not make all buildings' elements fully accessible, but it provided basic access for selected entrances, restrooms, elevators, drinking fountains, and public telephones. If we are notified of a special need to eliminate a potential barrier, the work is programmed and completed.

QUESTION:

How much would it cost to make all Federal buildings accessible to the physically handicapped?

ANSWER:

Since GSA buildings have had features added to provide minimum accessibility, additional modifications to fully meet Uniform Federal Accessibility Standards are accomplished when other major improvements are undertaken. For example, when restrooms are upgraded, elevators are modernized, and parking lots are repaved, the items and equipment are brought up to accessibility standards at the same time. A special program to make all building elements fully accessible in all Federally owned buildings under GSA's control is not necessary since we are now providing adequate accessibility. Upgrading accessibility on a cost effective basis is done in conjunction with major renovation projects. Special problems are solved on an individual basis. An estimate to fully meet Uniform Federal Accessibility Standards has not been developed since we now meet existing requirements and are improving on that as we do major renovations.

CAPITAL BUDGETING

QUESTION:

GAO and GSA have both reached the conclusion that capital budgeting makes sense for building construction. Does capital budgeting make sense? State and local governments and private sector use extensively - why not us?

ANSWER:

GSA believes that a capital budget would relieve the inherent bias in the budget against capital projects. Under the current federal budget system, such projects are fully funded in the Budget Year, that is, the federal budget does not recognize (the private sector does) that a capital project has a useful life extending over a number of years. For the most part, the federal budget is biased toward programs with costs spread over a number of years versus programs such a federal construction which is required to be fully funded up-front. GSA would welcome a unified capital/operating budget concept.

NAVY CONSOLIDATION TO NORTHERN VIRGINIA

Mr. ROYBAL. We will now go into the——

Mr. LOWERY. Mr. Chairman, might I just ask two more?

We spent a little time last year on the office space in Virginia. What's going on there, in 20 words or less?

Mr. AUSTIN. With respect to the Navy, we were asked by the Armed Services Committee to do a survey of interest, an expression of interest for a site location, if you will, for the Navy as to where we might site it in Northern Virginia and what interest was there.

We do not have an authorization to go out and build the new building for the Navy at this point in time. However, their request would be approximately 3.5 million square feet, being very close to approximating the Pentagon. That severely constrains the availability of prospective sites, not only in Northern Virginia, but in many areas.

We have, however, received eight responses, viable responses to our initial solicitation, expressing that they had not only the wherewithal financially, but by experience and capability, the ability to handle and buy land size and deliver a project of approximately 4 million square feet. Once you get done, we are talking 3.51 million actually occupiable.

There has been great interest in Northern Virginia inasmuch as moving those kinds of numbers, 23,000 employees, into an area is important in terms of their transportation patterns being able to absorb that.

And one has to also understand there is a follow-along to wherever Navy goes by the contractors, consultants, engineers and providers, there is extreme interest in Northern Virginia as to where this site will be.

We believe we have an environment and a community which can provide that space, and we will after analysis provide that information back to the Armed Services.

We have contained within the least cost financing package, an identified project to go forward and obviously that is going to be subject to whatever discussion takes place before the Armed Services Committee.

The final decision as to whether or not this becomes a GSA funded project, or whether this becomes a DOD project has not been resolved at this point in time, and I suspect it will be resolved over the next several months.

Mr. LOWERY. What time frame are you looking at?

Mr. AUSTIN. We look to report back to them, I believe, in March or April.

Mr. LOWERY. Could you inform this committee?

Mr. AUSTIN. I would be happy to.

[The material referred to was supplied and is retained in the Committee's files.]

OAKLAND PROJECT

Mr. LOWERY. There have been tremendous delays in the Oakland Federal Building. However, the design is spectacular. It's going to be the finest government building on the West Coast.

What is the status of the project, and when is it going to finally get constructed?

Mr. **Austin**. Well, what is going on is that the previous contractor defaulted. Ostensibly, he defaulted as a result of financial considerations, the inability to bring the financing package to the table.

Part of that delay was working with that developer over a period of eight months, trying to resolve whether or not he had an unconditional, committed financing package for the construction phase of that project.

We argued that at the end of that construction phase, there was a take out financing package provided by a guarantor that took the project on out for the 30 years. The problem was we could never get an unconditional committed financing package, and at that time, he was dealing with the bank and there were just innumerable delays.

On any number of occasions, we asked point blank, do you have unconditional financing; and the individual would say, yes, the bank would say no, the attorneys would all say no, and we kept on this course for eight months.

Finally, in a final resolution, we called the developer in, our people in, and we sat down and said, this is it, do you have it today? No, you don't. Will you have it—this was on a Monday. We said, will you have it on Friday by noon? He said, I have it now. We said, no, you don't. The lawyer said no, you don't. Everybody agreed Friday by noon they would have it.

That was in August. As it turned out, Friday by noon, he never called, never showed up and still doesn't have the financing.

We defaulted the individual. That required us then to go back to all of the other offerers and seek whether they have an expression of interest in recompeting the project. Some problems there, however. Obviously in the open project we achieved some very good minority and small disadvantaged business setaside programs that we wanted to continue plus the project size and scope had changed somewhat, which required us to look at the negotiating phase in which we had to begin.

We began that whole process. That was an elongated process. Finally in December, we made a final decision. We began moving to award in January. Last week the previous developer filed injunctive relief against us in the Federal courts, and now there is a hearing on an TRO to be decided whether we are going to argue this issue out.

That individual, however, was disqualified from participating in the carry on competition for technical and financial reasons, which then caused him to move for more injunctive relief.

When will it be done? I believe we go into court this week on preliminary hearings.

Mr. **Lowery**. I hope it's in Oakland.

Mr. **Austin**. I think it is. And what will come out of that, we don't know. If he is granted the TRO, then we tie it up in the injunction, and we will have to take it to Oakland for a hearing and go from there.

We believe legally, reasonably, practically, we are on good grounds. Unfortunately, it has been elongated. I know that we had

QUESTION:

What steps has GSA taken with OMB to implement capital budgeting as used by private and state governments?

ANSWER:

In the fiscal year 1991 President's Budget, for the first time the Federal Buildings Fund budget activities are categorized by capital and operating components. Although this is only a first step, GSA believes that such categorization is important in recognizing the longer range aspects of capital projects versus the annual nature of operating programs.

QUESTION:

This would greatly assist us if GSA-OMB and Congress could reach an agreement, and it would help us alleviate the Gramm-Rudman problem. OMB's fear is that it would be a free for all - but there could be a cap, like in Maryland, where the Federal Buildings Fund would be the cap on annual outlays - authority could not exceed outlays. Simple solution. Where are the problems? Who opposes this and why?

ANSWER:

OMB, the Congressional Budget Office and the Budget Committees are afraid that if GSA is permitted to use capital budgeting techniques, i.e., allowed to score obligations and outlays over the useful life (20 to 30 years) of a capital project, then other federal entities with far larger capital programs will have a justifiable case for demanding equal treatment of their capital programs. OMB also fears that Congressmen may use capital budgeting as an avenue to gain approval outside of normal budget channels for projects associated with their particular district or State. It is not within GSA's purview to judge whether other federal entities should be permitted use of capital budgeting techniques nor to suggest how Congress might internally control a capital budget process. OMB and Congress must mutually arrive at whatever policies and procedures they deem appropriate to circumscribe and control use of capital budgeting techniques in the federal sector.

an EPA issue there, and the City has begun removal of the soil, and so the project is moving forward.

I don't have the developer or a contractor at this point in time to actually dig the hole, but he couldn't dig the hole anyway until the EPA issues are solved.

Mr. DiLuchio. Unless we are restrained by court order, our present plan is that by the end of March or April, we will be ready for a re-award of that contract.

Mr. Lowery. You will re-award at that time?

Mr. DiLuchio. Yes, sir.

Mr. Lowery. And construction will begin.

Mr. DiLuchio. Probably 60 to 90 days after that.

Mr. Lowery. How big a problem are the environmental issues?

Mr. DiLuchio. We have entered into an agreement for the cleaning up of the site which was contaminated, which was a parking lot; and that work is about to begin. That is not an impediment for the start date.

Mr. Lowery. Thank you very much.

Mr. Roybal. Mr. Austin, we would like to thank you for your answers. We would like to go now and ask you some questions for the record.

Would you like to make a statement, or——

Mr. Austin. Well, let me, Mr. Chairman, with your permission, at this point I will turn it over to my respective commissioners and ask them to make their presentations on their service area, if that's agreeable with you, sir.

Mr. Roybal. All right. Thank you very much.

Mr. Austin. At this time I will turn it over to Mr. William Coleman, Commissioner of PBS; and if I may, Mr. Chairman, I am going to excuse myself. I have additional duties back at the office, and we are trying to resolve the City Post Office issue even as we speak. And I will excuse myself to go do that.

Mr. Roybal. Thank you, sir.

Mr. Austin. Thank you very much.

Mr. Roybal. We will insert the highlight summary and the congressional summary in the record at this point.

[The material follows:]

Congressional presentation

Estimates of appropriations for fiscal year 1991

Highlight summary

General
Services
Administration

GENERAL SERVICES ADMINISTRATION

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

The following provides a brief overview of the 1991 budget program for General Services Administration activities financed under the Treasury, Postal Service, and General Government Appropriations Act. Detailed information is provided in the Congressional Justification material (printed on blue stock).

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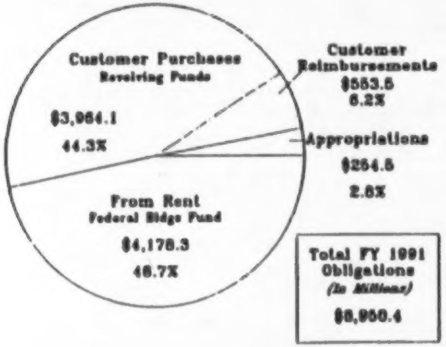
General Services Administration

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

BACKGROUND. Established July 1, 1949, by section 101 of the Federal Property and Administrative Services Act of 1949, GSA is organized into 4 services responsible for individual agency missions, and a number of staff offices that perform overall program management, administration, and certain Governmentwide regulatory and support functions. Operations are conducted through eight primary and three satellite geographic regions.

This 1991 budget summary is for GSA programs under the Treasury, Postal Service, and General Government Appropriations Act; this excludes the Consumer Information Center, which is funded under the Department of Veterans Affairs and HUD/Independent Agencies Appropriations Act.

THE 1991 PROGRAM. Using obligations as an indicator, GSA's 1991 budget program will total almost $9 billion to provide goods and services to the agency's Federal customers. Its programs are financed by three basic sources: income from customers (reimbursement for services, Rent payments for occupied space, or payment for goods and services under revolving funds); receipts and revenues available under permanent authority; and new appropriations enacted by the Congress. As shown in the figure at the left:



- Appropriations are required for less than 3% of the program. Of the total $254.5 million, $19.5 million will become available from receipts under permanent authorities, and Congress is requested to enact $235 million in new current appropriations.
- Direct Federal Buildings Fund obligations of $4.2 billion are almost 47% of the planned 1991 program, and support the full range of real property functions. Fund income is basically from Rent payments from Federal agencies for occupied space under GSA control.
- Over half of the 1991 budget program [illegible] financed by customers through reimbursements for services or [illegible]se of goods and services under revolving funds.

Annual congressional action is required to enact the new appropriations, and to enact new obligational authority permitting use of revenues for the Federal Buildings Fund.

FY 1991 employment supporting these functions is budgeted at 19,476 full-time equivalent (FTE) personnel.

General Services Administration

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

SUMMARY AND COMPARISON OF THE REQUEST. Total requested 1991 budget authority is $254,527,000: $19,560,000 realized under permanent authorities and $234,967,000 in new appropriations. The following table compares requested 1991 new budget authority with amounts provided for 1990:

SUMMARY AND COMPARISON OF NEW BUDGET AUTHORITY/APPROPRIATIONS
$(Thousands)

	1990 Enacted	1991 Request	CHANGE
Operating Expenses, Federal Supply Service	47,644	52,243	+ 4,599
Oper. Exp., Information Resources Mgmnt Svc	32,480	39,258	+ 6,788
Oper. Exp., Federal Property Resources Svc	11,072	12,798	+ 1,726
Agency Relocation Expenses	7,942	8,000	+ 58
General Management and Administration	135,692	90,555	- 45,137
Office of the Inspector General	26,136	30,139	+ 4,003
Allowances & Office Staff for Former Presidents	1,808	1,964	+ 156
Grants, Federal Buildings Fund	25,220	--	- 25,220
Subtotal, New Appropriations	287,994	234,967	- 53,027
Permanent Budget Authority:			
Expenses, Disposal	3,747	3,800	+ 53
Exp. Trans. Contract Audits/Contr. Admin.	15,283	15,760	+ 477
TOTAL NEW BUDGET AUTHORITY	307,024	254,527	- 52,497

General Services Administration

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

In total, requested 1991 budget authority is $52.5 million below amounts available in 1990. The major changes between the two fiscal years are noted in the following table:

	AMOUNTS $(000's)
1990 Budget Authority	307,024
Program Changes:	
Convert Accounting Operations to Reimbursable Funding (net)	- 43,483
Other Centralized Support Functions	+ 5,214
Grants (GMA and Federal Buildings Fund)	- 38,204
Technological Upgrade Costs (GSAS)	+ 2,633
Inspector General Initiatives	+ 1,232
All Other	+ 5,091
Non-Program Changes:	
Pay Raise	+ 9,631
Inflation, Misc. Other, Net	+ 5,389
1991 Request, Budget Authority	254,527

The largest change represents converting the agency's accounting support from direct to reimbursable funding to permit full cost recovery through the pricing structure for goods and services; those prices will also now more closely reflect the actual costs of doing business. The net amount shown includes necessary increases to appropriated accounts for the cost of these services. Conversely, an increase of $5.2 million in budget authority is being requested to more properly direct-fund a number of centralized support service costs that are now borne by customers. The request also does not propose continuing strategic materials and other grants in 1991. An increase of $2.6 million is associated with site preparation and other costs of implementing the GSAS project, which will provide a fully integrated and compatible departmental computing architecture. Increased audits and investigations and enhanced ADP support will require an additional $1.2 million for the Office of Inspector General. Other initiatives include $1.2 million for increased real property protection and maintenance and $1.2 million for maintenance of debarment lists and a law clerk program for the Board of Contract Appeals.

Non-program changes reflect the impact of pay raises (50% of the anticipated January, 1991, raise has been absorbed), and the generally higher cost of continuing current operations.

The agency's 1991 employment is budgeted at the full-time equivalent (FTE) of 19,476 personnel, a net 71 below the level approved for 1990.

GSA ORGANIZATION AND ACCOUNT STRUCTURE. For background, the following shows the organizations responsible for GSA's varied mission, and the methods by which related programs are funded.

ORGANIZATIONAL COMPONENT	MISSION AND FUNDING SOURCES
PUBLIC BUILDINGS SERVICE (PBS)	Provides construction, acquisition by purchase, and repair/alteration of public buildings, related design and construction services, leasing of space, operation and maintenance of facilities, and overall program management. Operations are conducted under a landlord-tenant type relationship, and activities are entirely supported by the Federal Buildings Fund, a revolving fund financed by revenues from rental payments from Federal agencies that occupy GSA-controlled space. The fund is subject to annual enactment of new obligational authority (limitations on the use of revenues). Customers also provide direct reimbursement for services above standard levels.
FEDERAL SUPPLY SERVICE (FSS)	Provides the procurement, management, and worldwide distribution of supplies and personal property, the direction and coordination of Governmentwide transportation and travel management programs, and related services. A direct annual appropriation, Operating Expenses, Federal Supply Service, funds property management, transportation audits and services, schedules contracting, and policy activities. Operation of the supply distribution and interagency motor fleet management systems are financed under the General Supply Fund, a revolving fund. Expenses of contracts with commercial firms for the audit of transportation billings, and the administration of these contracts, are financed from overcharges collected from vendors. This is a permanent appropriation.
INFORMATION RESOURCES MANAGEMENT SERVICE (IRMS)	Coordinates and directs comprehensive Government-wide programs for the management, procurement, and utilization of ADP, telecommunications, and office information equipment and services. Services are also provided to other agencies on a reimbursable basis in each of these fields. Operating Expenses, IRMS, a direct annual appropriation, funds overall program management, direction, and oversight, Governmentwide programs for the management, procurement and utilization of ADP, telecommunications, and office information equipment and services, and administrative expenses. Telecommunications and automatic data processing operations are financed under the Information Technology Fund, a revolving fund. Selected ADP and office information services are also provided on a direct reimbursable basis.
FEDERAL PROPERTY RESOURCES SERVICE (FPRS)	Provides for utilization and disposal of excess and surplus real property. Basic operating, personnel, and administrative costs are supported by the direct annual appropriation Operating Expenses, FPRS. Certain contractual costs associated with real property sales, such as advertising and appraiser, auctioneer, and broker fees are financed from sales proceeds under permanent authority. The Agency Relocation appropriation provides for relocating agencies from underutilized sites to permit sale of the valuable properties.
STAFF OFFICES	The Administrator and a number of staff offices provide overall direction, management, and administration of GSA programs, as well as other Governmentwide policy or regulatory functions, under an annual General Management and Administration appropriation, and by an annual appropriation for Inspector General functions. In addition, the GMA account provides reimbursable accounting and staff support services to GSA components, to small agencies, and to Presidential boards, committees, and commissions. The Working Capital Fund provides fast turnaround printing and duplicating services for GSA and other agencies.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

Section 1. The appropriate appropriation or fund available to the General Services Administration shall be credited with the cost of operation, protection, maintenance, upkeep, repair, and improvement, included as part of rentals received from Government corporations pursuant to law (40 U.S.C. 129).

This section is required to provide for income from wholly-owned Government Corporations and other agencies.

Sec. 2. Funds available to the General Services Administration shall be available for the hire of passenger motor vehicles.

31 U.S.C. 1343 prohibits use of appropriated funds to buy or lease passenger motor vehicles unless specifically authorized by law. This provision is required to permit GSA to use commercially-provided vehicles when not available through Interagency Fleet Management System.

Sec. 3. Not to exceed 1 per centum of funds made available in appropriations for operating expenses and salaries and expenses, during the current fiscal year, may be transferred between such appropriations for mandatory program requirements. [Any] *Notice of any* transfers proposed shall be [submitted] *transmitted* promptly to the Committees on Appropriations of the House and Senate [for approval].

Sec. 4. Funds in the Federal Buildings Fund made available for fiscal year [1990] *1991* for Federal Buildings Fund activities may be transferred between such activities only to the extent necessary for mandatory program requirements. [Any] *Notice of any* transfers proposed shall be [submitted] *transmitted* promptly to the Committees on Appropriations of the House and Senate [for approval].

Sections 3 and 4 provide a modest level of transfer authority which could have the effect of reducing the magnitude of program supplementals required to implement responsibilities delegated to this agency. These provisions will allow us to provide for unforeseen emergencies immediately, thus eliminating delays while waiting for supplemental appropriations to be enacted. The provisions provide for oversight on the purpose of its usage by requiring that "...Notice of any transfers proposed shall be transmitted promptly to the Committees on Appropriations of the House and Senate."

[Sec. 5. Funds hereafter made available to the General Services Administration for the payment of rent shall be available for the purpose of leasing, for periods not to exceed thirty years, space in buildings erected on land owned by the United States.]

This section can be deleted since that language was made permanent.

Sec. 5. Notwithstanding any other provision of law, the Secretary of the Interior shall transfer to the General Services Administration, without consideration, approximately 16 acres of the United States Geological Survey Western Region Headquarters together with any improvements, structures and fixtures located thereon. The General Services Administration shall construct additional facilities for the United States Geological Survey on this site.

This new section authorizes the transfer of the United States Geological Survey's (USGS) facilities and land at Menlo Park, CA, to the GSA at no cost. In return, GSA will construct additional facilities on this site for USGS. Both GSA and USGS currently control facilities at this location. The consolidation of ownership will facilitate the orderly management of the buildings and grounds.

[Sec. 6. Notwithstanding any provisions of this Act or any other Act in any fiscal year, the Administrator of General Services is authorized and directed to charge the Department of the Interior for design and alterations to the Avondale, Maryland, property at rates so as to recover the approximate applicable cost incurred by General Services Administration in providing such alterations, and the Department of the Interior is authorized to repay such charges out of any appropriation available to the department and the payments shall be deposited in the fund established by 40 U.S.C. 490(f).]

This section can be deleted since that language was made permanent.

Sec. 6. (a) Notwithstanding any other provision of law, there is authorized to be appropriated in fiscal year 1991 and thereafter to the Fund established pursuant to section 210(f)(1) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), an amount equal to such reductions in income to the Fund in any fiscal year as may be caused by any provision of law which results in an agency of the Federal Government or any other Federal entity paying to the Administrator of General Services a lesser rate per square foot for rental of space and services (established pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended) than the rate per square foot established for the space and services by the General Services Administration for that fiscal year. The amount so authorized will be determined by the Office of Management and Budget, after consulting the Congressional Budget Office, and notice will be transmitted promptly to the Committees on Appropriations of the House and Senate.

(b) There are hereby appropriated, from the general fund of the Treasury, such sums as may be necessary to carry out the purposes of subsection (a).

(c) Notwithstanding any other provision of law, such funds as are to be appropriated to carry out the purposes of subsection (a) will be estimated and reported for purposes of section 308(a)(1)(A) of Public Law 93-344, as amended (2 U.S.C. 639(a)(1)(A)), as budget authority and outlays of the subcommittee of the Committee on Appropriations which has jurisdiction over the programs of any Agency or Agencies which will, as a result of a provision of law, pay a lesser rate per square foot for rental of space and services than that established by the General Services Administration pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended.

As a result of limitations and/or reductions within the appropriations Acts of other agencies, several agencies have been allowed to make payments to GSA for space and services at rates below the commercially equivalent rent. These actions have served to diminish GSA's ability to maintain the viability of the Federal Buildings Fund.

In most instances it is impracticable to reduce space and/or service levels commensurate with the reduction in rental payments. This is especially true in those multi-tenant buildings where extant contracts and/or the configuration of support systems does not allow GSA to selectively reduce service levels.

New Section 6 (Continued):

This language proposes that the Office of Management and Budget together with the Congressional Budget Office jointly determine the amount by which GSA income is reduced as the result of any provision of law which has the effect of reducing rental rates paid by any Agency below commercial equivalent rates established by section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended. Upon notifications to the Committees on Appropriations of the House and Senate these amounts would be appropriated to the Federal Building Fund.
Subsection (c) proposes that should any subcommittee of the Committees on Appropriations take action to place a limitation on or to reduce the amount of payments from an Agency to GSA for space and services, the subcommittee would have to estimate the amount of the reduction in payments to GSA that result and would be required to record the budget authority and outlays against that subcommittee's activities.

[Sec. 7. Notwithstanding any other provision of law, the Administrator of General Services is hereafter authorized to transfer from the resources of the Federal Buildings Fund, in accordance with such rules and procedures as may be established by the Office of Management and Budget and the Department of the Treasury, such amounts as are necessary to repay the principal amount of General Services Administration borrowings from the Federal Financing Bank when such borrowings are legal obligations of the Fund.]

This section can be deleted since that language was made permanent.

Sec. [21.] 7. (a) Notwithstanding any other provision of law, agencies are *hereafter* authorized to make rent payments to the General Services Administration for lease space relating to expansion needs of the agency and General Services Administration is authorized to use such funds, in addition to the amount received as New Obligational Authority in the Rental of Space activity of the Federal Buildings Fund. Such payments are to be at the commercial equivalent rates specified by section 201(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j)) and are to be deposited into the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)).

(b) There are hereby appropriated, out of the Federal Buildings Fund, such sums as may be necessary to carry out the purpose of subsection (a).

This section is modified to add the word "hereafter" in order to make this language permanent.

[Sec. 8. The General Services Administration shall take immediate action to secure corrections to health and safety problems at the IRS Manhattan District Office and is directed if unable to correct such problems through the lessor within 90 days, to take such actions necessary to accomplish the corrections and withhold such amounts expended on such corrections from rental payments.]

This section can be deleted as the language is no longer necessary.

[Sec. 9. Obligations for Multiyear Agreements for Lease or Other Acquisition of Motor Vehicles Entered Into by Administrator of General Services.—(a) In General.—Subject to subsection (b), obligations of funds for multiyear agreements for the lease or other acquisition of motor vehicles entered into by the Administrator of General Services for the purposes of section 211 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 491) shall be limited to the current fiscal year for which payments are due, without regard to any termination or cancellation costs, and without regard to section 1341(a)(1)(B) of title 31, United States Code.

(b) Affected Agreements.—This section shall apply to multiyear agreements which—

(1) are entered into by the Administrator during the 4-year period beginning on the date of the enactment of this Act; and

(2) provide for the lease of motor vehicles for a period of not more than four years.]

This section can be deleted since the FY 1990 Appropriation Act provided authority for 4 years. Legislation for permanent authority is to replace this temporary authority.

[Sec. 10. The general provision (section 8) in Public Law 100-440 is amended as follows: In subsection (b)(1) delete "600,000" and insert "900,000". Delete subsection (b)(2).]

This section can be deleted as the language is no longer necessary.

[Sec. 11. (a) Notwithstanding any other provisions of law, the Administrator of General Services, with the concurrence of the Director of the U.S. Fish and Wildlife Service, is authorized and directed to acquire, by means of a lease of up to twenty years duration, a new facility to house the offices of Region Five of the U.S. Fish and Wildlife Service in Hampshire County or Holyoke, Massachusetts.

(b) There is hereby made available until expended, out of the Federal Buildings Fund, not to exceed $100,000 for telecommunication system expenses associated with the relocation of Region Five of the U.S. Fish and Wildlife Service to the facility authorized to be leased by this Act.]

This section can be deleted as the language is no longer necessary.

[Sec. 12. The Administrator of GSA is directed to lease approximately one hundred thousand occupiable square feet of office and special purpose space to provide for relocation and consolidation of the outpatient clinic functions in Boston, Massachusetts, currently located in an outdated Federal building at 17 Court Street.]

This section can be deleted as the language is no longer necessary.

[Sec. 13. Notwithstanding any other provision of law, the Secretary of Commerce shall transfer to the General Services Administration at no cost approximately fifteen acres of the site at 325 Broadway in Boulder, Colorado, for the construction of a new Federal Building to house the National Oceanic and Atmospheric Administration. In selecting the land to be transferred, the Secretary shall give due consideration to access from Broadway and the availability of utilities.]

This section can be deleted as the language is no longer necessary.

Sec. 14. The Administrator of General Services after consultation with the Internal Revenue Service, Department of the Treasury and the Department of Defense shall submit a prospectus for the Internal Revenue Service and a prospectus for the Department of the Navy to the House Committee on Public Works, the Senate Committee on Environment and Public Works, and the House and Senate Committees on Appropriations within 90 days of enactment of this Act.

One prospectus shall provide for the consolidation of existing leased space for activities of the National Office of the Internal Revenue Service and additional space which may be required by such activities in the National Capital Region, into one consolidated suburban Maryland location in the National Capital Region.

A second prospectus shall provide for the consolidation of existing leased space in northern Virginia and additional space required by the Department of the Navy in the northern Virginia area into one consolidated location in the northern Virginia area.

The prospectuses shall outline how such space shall operate in a coordinated fashion with existing Government controlled space that will continue to be occupied by such agency or department and shall provide that the Administrator of General Services shall competitively acquire and select quality space representing the best value for the Government at the lowest possible cost within each respective area.

This section can be deleted as the language is no longer necessary.

Sec. 15. Notwithstanding any other provision of law, the General Services Administration is hereby authorized to sell to the city of Asheville or political subdivision at fair market value, the Grove Arcade Federal Building and site, in whole or in part, in Asheville, North Carolina, and to deposit such proceeds into the Federal Buildings Fund.

This section can be deleted as the language is no longer necessary.

Sec. 16. Notwithstanding any other provision of law, the County of Los Angeles in the State of California shall provide to the General Services Administration, without cost, 260 parking spaces for a period of ninety-nine years, in the Parking Facility at Long Beach, California, for which a Grant is provided from revenues and collections deposited into the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)).

This section can be deleted as the language is no longer necessary.

Sec. 17. (a) Conveyance.—Subject to subsection (c), notwithstanding any other provision of law, the Administrator of General Services (Administrator) shall convey, subject to existing easements, without consideration, to the State of Hawaii, all right, title and interest of the United States in and to approximately 89.274 acres more specifically described in subsection (b), together with any improvements, structures and fixtures located thereon and related personal property in Waianae, Oahu, State of Hawaii at the former U.S. Coast Guard transmitter site.

(b) Legal Description.—This land is a portion of Grant 4751 to H.M. Von Holt and a portion of Lot A-1-A of Land Court Application 130 situated about 2,000 feet Northeasterly from Farrington Highway at Lualualei, Waianae, Oahu, State of Hawaii; beginning at the Northwest corner of this piece of land and on the easterly boundary of Grant 7859 to Ralph E. Turner, the true azimuth and distance from Government Survey Triangulation Station "Puu-O-Hulu (Makai)" being 167°33' 5556.27 feet and running by true azimuths measured clockwise from South: (1) 261°44' 1940.00 feet along 50' road easement; (2) 360°00' 2551.34 feet; (3) 89°06' 1413.41 feet; (4) 167°33' 2349.87 feet along Grant 8422 to Lizzie Gilliland and Grant 7859 to Ralph E. Turner to the point of beginning; total acreage 93.575.

Excluding from said 93.575 acre parcel, parcel A of Waianaenui Watershed Project, Maili Channel Improvement, lines M-5 and M-6, Being Lot 202-A, area 1.440 acres, as shown on Map 53, and filed in the Office of the Assistant Registrar of the Land Court of State of

Hawaii with Land Court Application No. 130 of Alexander C. Dowsett et al., and being a portion of the land described in Transfer Certificate of Title No. 86,019 issued to said grantor, situated at Lualualei, Waianae, Oahu, Hawaii, and also excluding therefrom, Parcel "B" of Waianaenui Watershed Project, Maili Channel Improvement, lines M-5 and M-6: All of that certain parcel of land being a portion of Grant 4751 to H.M. Von Holt (Portion of U.S. Civil No. 868), situated at Lualualei, Waianae, Oahu, Hawaii, approximately 2.861 acres.

(c) CONDITIONS OF CONVEYANCES.—(1) The Administrator shall convey the approximately 89.274 acres described in subsection (b) to the State of Hawaii on the condition that the State of Hawaii, within 3 years of date of conveyance, exchange such property and other appropriate consideration (if necessary) for an equal total amount of consideration that includes one or more parcels of Hawaiian home lands on the islands of Hawaii, Oahu, and Molokai consisting of: (1) approximately 6.00 acres of real property located in Keaukaha (Tract 1), Waiakea, Hilo, Hawaii, being the present site of Keaukaha School; (2) approximately 26.207 acres of real property filed in the Office of the Department of Land and Natural Resources in C.S.F. No. 20282 and a separate parcel, being the present site of Molokai High School and Athletic Field; and (3) approximately 13.675 acres, filed in the Office of the Department of Land and Natural Resources in C.S.F. Nos. 12325, 104[illegible], being the present site of Nanaikapono Elementary School.

In the event the exchange of the property is not completed within the time period as specified herein, including recording the deed for the conveyance of the property from the State of Hawaii in accordance with all applicable laws, all right, title and interest to such property shall revert to the United States and the United States shall have the immediate right of entry thereon.

(2) Prior to the conveyance by the Administrator of approximately 89.274 acres described in subsection (b), as a condition of the conveyance, the State of Hawaii shall agree that the Hawaiian Home Land properties to be acquired by the State of Hawaii in the exchange described in subsection (c)(1) shall only be used for educational purposes in perpetuity, and in the event the properties cease to be so used, all or any portion of such properties shall, in its existing condition, revert to the United States.]

This section can be deleted since the enactment of the FY 1990 Appropriation Act provided permanent authority for the actions required.

[SEC. 18. (a) Notwithstanding section 203(k) of the Federal Property and Administrative Services Act of 1949, any implementing regulations, and the conveyance of Deed Without Warranty of June 5, 1968 recorded in Book 250 pages 183 through 196 of the Deed Records of Chaves County, New Mexico, on June 5, 1968, and Correction Deed of January 6, 1969, to the Deed Without Warranty of June 5, 1968, recorded in Book 252 pages 100 through 115 of the Deed Records of Chaves County, New Mexico, from the United States of America to the Board of Regents, Eastern New Mexico University (ENMU), the Secretary of Education shall, as to the property described in subsection (b), grant a release to ENMU from all terms, conditions, reservations, and restrictions required by the Federal Property and Administrative Services Act, implementing regulations or contained in the above mentioned Deeds, subject to the United States retaining until June 5, 1998, a reversionary interest, which runs with the land, if any part of the property described in subsection (b) is not used for educational or training purposes.

(b) The property referred to in this section is described as a tract of land lying and being situated in Section 33, Township 11 South, Range 24 East, NMPM, Chaves County, New Mexico and being more particularly described as follows: Beginning at a point on the South boundary of the Pecos Valley Village subdivision from which the Northwest corner of said Section 33 bears N 6°16'28" W a distance of 2382.64 feet, said point being the intersection of said South boundary and the centerline of Gail Harris Street; thence S 89°37'30" E along the south boundary of the Pecos Valley Village subdivision, a distance of 753.3[illegible] feet; thence S 0°00'43" E a distance of 2382.10 feet; thence S 89°58'24" W a distance of 771.18 feet to the centerline of Gail Harris Street; thence N 0°24'51" E along said centerline, a distance of 2387.43 feet to the point of beginning. Containing 41.7245 acres, more or less.]

This section can be deleted since the enactment of the FY 1990 Appropriation Act provided permanent authority for the actions required.

[Sec. 19. Notwithstanding any other provision of law, the Administrator of General Services—

(a) shall convey, without consideration, jurisdiction (custody, accountability and control) to the Institute of American Indian and Alaska Native Culture and Arts Development (Institute), over approximately 31,006 square feet of real property, together with any improvements, structures, and fixtures located thereon and related personal property, located at Cathedral Place at Palace, in Ward Number 4 of the City of Santa Fe and Precinct Number 18 of the County of Santa Fe, New Mexico, and

(b) shall transfer to the Institute, from revenues and collections in the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949 (40 United States Code 490(f)), the sum of $2,130,000 for carrying out, in consultation with the Administrator of General Services, repairs and alterations to the facility transferred by this section.]

This section can be deleted as the language is no longer necessary.

[Sec. 20. (a) Notwithstanding any other provision of law, the Secretary of Education shall convey, without consideration, to the School District of Charleston County, South Carolina, a deed—

(1) releasing the reversionary interest to the property identified in subsection (b), held by the United States on the date of the enactment of this Act; and

(2) which is subject to the condition that—

(A) the property shall be used for educational purposes for a period of 25 years; and

(B) if during that period the property or any portion of the property ceases to be used for educational purposes, all right, title, and interest in and to the property shall revert to the United States.

(b) All that lot, piece or parcel of land, situate, lying and being on the west side of Chisolm Street, in Ward 2, in the City of Charleston, County of Charleston, and State of South Carolina.

Measuring and containing in front on Chisolm Street 100 feet, and the same on the west or back line, and in depth on the northernmost line from east to west 150 feet and ½ inch, and the same on the southernmost line—be all the said dimensions a little more or less.

Butting and bounding to the north on lands now of Anderson Lumber Company, formerly of Mrs. E.C. Rennecker; east on Chisolm Street aforesaid; south on part of the original tract of land owned by the said A.B. Murray and West Point Mills Company, now reserved by the said grantors, and west on another part of the said original tract, formerly belonging to the said A.B. Murray and West Point Mills Company, and conveyed by them to the United States of America.

The said lot of land hereby conveyed being the northernmost portion of that portion of the Chisolm's Mills Property, reserved by the A.B. Murray and West Point Mills Company after conveyance of the greater part of the said Chisolm's Mills Property to the United States of America, by Deeds which are recorded and may be seen in Book U-24, Page 582 and Page 585 in the R.M.C. Office for Charleston County, and all of which is more fully shown and delineated on a Plat of the said Chisolm's Mills Property, dated April 23, 1914, and made and certified to by H.D. King, Inspector, United States Light House Department, which said Plat is on record in Plat Book C, Page 97, in the R.M.C. Office for Charleston County.

Being the same premises which were conveyed to the United States of America by deed of Andrew B. Murray dated October 23, 1916, and recorded in the Office of the R.M.C. for Charleston County in Book U-24, Page 587, and by deed of West Point Mills Company, dated November 28, 1916, and recorded in said office in Book U-24, Page 588.]

This section can be deleted since permanent authority is in the FY 1990 Appropriation Act.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[Sec. 22. Notwithstanding any provisions of this Act or any other Act in any fiscal year, obligations of funds for lease, entered into in accordance with section 210(h)(1) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 490, shall be limited to the current fiscal year for which payments are due without regard to section 1341(a)(1)(b) of title 31, United States Code.]

This section can be deleted since that language was made permanent.

[Sec. 23. None of the funds appropriated by this Act may be obligated or expended in any way for the purpose of the sale, excessing, surplusing, or disposal of lands in the vicinity of Norfolk Lake, Arkansas, administered by the Corps of Engineers, Department of the Army, without the specific approval of the Congress.]

This section can be deleted as it is not essential to GSA in fulfilling its real property disposal responsibilities under the Federal Property and Administrative Services Act of 1949, as amended.

[Sec. 24. None of the funds appropriated by this Act may be obligated or expended in any way for the purpose of the sale, excessing, surplusing, or disposal of lands in the vicinity of Bull Shoals Lake, Arkansas, administered by the Corps of Engineers, Department of the Army, without the specific approval of the Congress.]

This section can be deleted as it is not essential to GSA in fulfilling its real propeerty disposal responsibilities under the Federal Property and Administrative Services Act of 1949, as amended.

[Sec. 25. Section 110 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 757) establishing the Information Technology Fund is amended by adding a sentence at the end of paragraph (a)(2): These plans fulfill the requirements of 31 U.S.C. 1512 and 1513.]

This section can be deleted since that language was made permanent.

TITLE V—GENERAL PROVISIONS

[SEC. 505A. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of any hand or measuring tool(s) not produced in the United States or its possessions except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of hand or measuring tools produced in the United States or its possessions cannot be procured as and when needed from sources in the United States and its possessions, or except in accordance with procedures prescribed by section 6-104.4(b) of Armed Services Procurement Regulation dated January 1, 1969, as such regulation existed on June 15, 1970: *Provided*, That a factor of 75 per centum in lieu of 50 per centum shall be used for evaluating foreign source end products against a domestic source end product. This section shall be applicable to all solicitations for bids opened after its enactment.]

This section is proposed for deletion as it is not required to fulfill procurement responsibilities. GSA must also adhere to other restrictive procurement requirements including the Buy American Act, the Trade Agreement Act, and DOD restrictions which would apply regardless of this provision.

[SEC. 508. None of the funds appropriated in this Act may be used for administrative expenses to close the Federal Information Center of the General Services Administration located in Sacramento, California.]

This section is proposed for deletion since the program is now being operated by private contract which includes a satellite location in Sacramento.

[SEC. 517. The Administrator of General Services, under section 210(h) of the Federal Property and Administrative Services Act of 1949, as amended, may acquire, by means of a lease of up to thirty years duration, space for the United States Courts in Tacoma, Washington, at the site of Union Station, Tacoma, Washington.]

This section is proposed for deletion since this project is already underway.

[SEC. 529. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of stainless steel flatware not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of stainless steel flatware produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States or its possessions or except in accordance with procedures provided by section 6-104.4(b) of Armed Services Procurement Regulations, dated January 1, 1969. This section shall be applicable to all solicitations for bids issued after its enactment.]

This section is proposed for deletion as it is not required to fulfill procurement responsibilities. GSA must also adhere to other restrictive procurement requirements including the Buy American Act, the Trade Agreement Act, and DOD restrictions which would apply regardless of this provision.

TITLE VI—GENERAL PROVISIONS

Sec. 618. No funds appropriated in this or any other Act for fiscal year 1990 may be used to implement or enforce the agreements in Standard Forms 312 and 4355 of the Government or any other nondisclosure policy, form or agreement if such policy, form or agreement:

(1) concerns information other than that specifically marked as classified; or, unmarked but known by the employee to be classified; or, unclassified but known by the employee to be in the process of a classification determination;

(2) contains the term classifiable;

(3) directly or indirectly obstructs, by requirement of prior written authorization, limitation of authorized disclosure, or otherwise, the right of any individual to petition or communicate with Members of Congress in a secure manner as provided by the rules and procedures of the Congress;

(4) interferes with the right of the Congress to obtain executive branch information in a secure manner as provided by the rules and procedures of the Congress;

(5) imposes any obligations or invokes any remedies inconsistent with statutory law:

Provided, That nothing in this section shall affect the enforcement of those aspects of such nondisclosure policy, form or agreement that do not fall within subsection (1)-(5) of this section.

This Section is proposed for deletion. Last year a similar statutory provision was declared unconstitutional by the U.S. District Court for the District of Columbia. In signing the FY 1990 Appropriations Act, President Bush made reference to the unconstitutionality of Section 618 and stated that it would jeopardize the Nation's security by interfering with the President's ability to prevent the unauthorized disclosure of information concerning our most sensitive diplomatic, military, and intelligence activities.

General Services Administration

FEDERAL BUILDINGS FUND

Summary

The Federal Buildings Fund is a revolving fund which, from revenues derived from rental charges to Federal agencies for space which they occupy in Government-owned or leased buildings, finances all aspects of the GSA real property programs. These programs include the acquisition of space through direct Federal construction, or purchase of existing buildings; the repair and alteration of public buildings; payments of liabilities for facilities acquired through purchase contract authority; acquisition of space through leasing from the private sector; the day-to-day operations of Government-owned and leased facilities; and general management and administration of all real property programs.

PROGRAM BY ACTIVITIES
$(Thousands)

Federal Buildings Fund Summary.	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Construction & Acquisition of Facilities	$131,820	$138,843	$271,004	+$132,161
Repairs and Alterations	516,463	558,692	572,710	+14,018
Design & Const. Svcs.	133,636	146,302	176,403	+30,101
Installment Acq. Pmt.	121,500	126,752	136,579	+9,827
Rental of Space	1,193,645	1,327,336	1,534,300	+206,964
Real Property Ops.	882,000	948,000	1,037,200	+89,200
Program Direction	49,000	68,020	90,781	+22,761
Total, New Obli. Auth.	$3,028,064	3,313,945	$3,818,977	+$505,032
Compensable Workyears	9,351	9,387	9,376	-11

EXPLANATION OF CHANGES	
Inflationary impact on PBS programs	+$133,387
FY 1991 Construction prog.	+132,191
FY 1991 R&A program	+14,018
FY 1991 Design & Const. Services program	+30,101
Increase in fuel/utility costs	+8,827
Net change to leased space inventory	+91,161
Restoration of previously delegated funding	+27,378
Replacement/conversion of PBS information system	+6,950
Other net changes	+61,019
Total	+$505,032

FY 1991 PROGRAM PERSPECTIVE. Requested New Obligational Authority will support GSA's provision of real property management services at a level commensurate with that of FY 1990. Direct construction and line item repairs and alterations projects are shown individually at the activity level. Additional details on the FY 1991 real property programs can be found on each of the activity justifications.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities

This no-year activity provides suitable facilities to house Federal agencies through direct construction of new buildings, extensions to existing buildings, acquisition of United States Postal Service properties, and the purchase of commercial buildings from the private sector.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Const. & Acq. of Fac.				
New Const. Projects:				
- FY 1991 Projects	--	--	$265,549	+$265,549
- FY 1990 Projects	--	$133,413	--	-133,413
- FY 1989 Projects	$123,750	--	--	--
Subtotal, New Const.	$123,750	$133,413	$265,549	+$132,136
Purchase of Commercial Buildings	5,500	500	--	-500
Non-Prospectus Projects	2,470	2,000	5,000	+3,000
Project Claims	100	2,930	455	-2,475
Total, New Obli. Auth.	$131,820	$138,843	$271,004	+$132,161
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
FY 1991 New Construction Projects	+$265,549
FY 1990 New Construction Projects	-133,413
Construction Claims	-2,475
Non-Prospectus Projects	+3,000
Purchase of Commercial Buildings	-500
Total Change	+$132,161

FY 1991 PROGRAM PERSPECTIVE. The FY 1991 Construction and Acquisition of Facilities activity places primary emphasis on the direct construction of Government-owned space, emphasizing general purpose office space and facilities for the U.S. Courts. This activity funds site acquisition and construction costs only; design and supervision costs for all projects are funded by the Design and Construction Services activity.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1991	
New Construction:	
Sacramento, CA, John E. Moss Federal Building, U.S. Courthouse (Extension)	$ 5,801
Menlo Park, CA, U.S. Geological Survey, Office-Laboratory Buildings	22,000
Kansas City, KS, U.S. Courthouse and Federal Building	29,475
Prince George's County, MD, U.S. Courthouse	21,883
Minneapolis, MN, Federal Building and U.S. Courthouse	47,710
Camden, NJ, Post Office and U.S. Courthouse Annex (Additional Amount)	8,903
White Plains, NY, U.S. Courthouse	26,350
Portland, OR, U.S. Courthouse Annex	33,320
Wilkes-Barre, PA, Social Security Administration Data Operations Center (Additional Amount)	11,905
Alexandria, VA, U.S. Courthouse	58,202
Claim:	
Chicago, IL, James C. Kluczynski Federal Building	455
Non-Prospectus Projects	5,000
Total, FY 1991	$271,004

FY 1990	
New Construction:	
Skagway, AK, Border Station	$ 4,110
Long Beach, CA, Grant to County of Los Angeles, additional deck to parking facility	3,000
Boulder, CO, NOAA	31,814
Ames, IA, a grant to establish a midwest Super computer Access Center at Iowa State University	5,000
Kansas City, KS, Federal Building, Courthouse (site)	200
Prince George's County, MD, Federal Courthouse, Site and Design	4,700
Boston, MA, Federal Building (claim)	2,930
Woods Hole, MA, a grant for the development of the Marine Biomedical Institute for Advanced Studies	2,000
Northampton, MA, a grant for a science center at Smith College	1,500

General Services Administration
FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1990	
New Construction (continued):	
Baltimore, MD, a grant for planning and design of the Christopher Columbus Center on Marine Research and Exploration	$ 1,500
International Falls, MN, Border Station	1,472
Paterson, NJ, Federal Building	1,200
Lincoln, NE, a grant for expansion of the Eppley Institute for Research in Cancer and Allied Diseases	5,000
Alamogordo, NM, Grant to the New Mexico State University, Primate Research Institute, Site and Facilities, to be constructed on a site to be leased from the United States Air Force at Holloman Air Force Base	5,000
Asheville, NC, Federal Building, site and design	4,000
Astoria, OR, Grant to the City of Astoria for reconstruction (including parking/roadwork) of the first United States Custom House west of the Rockies	90
Philadelphia, PA, Veteran's Administration	54,000
St. Croix, VI, Federal Building, Courthouse	8,827
Non-Prospectus Projects	2,000
Other selected purchases including options to purchase	500
Total, FY 1990	$138,843
FY 1989	
New Construction:	
Tuscon, AZ, Law Enforcement Center	$ 1,100
Bridgeport, CT, Federal Building, Courthouse Annex	4,138
Hartford, CT, Federal Building, Courthouse Annex	6,612
Lakeland, FL, Federal Building	14,000
Champaign-Urbana, IL, Federal Building, Courthouse	8,316
Baton Rouge, LA, Federal Building, Courthouse, to be constructed on a site donated by the City of Baton Rouge.	16,758
Detroit, MI, Ambassador Bridge Cargo Inspection Facility	10,197
International Falls, MN, Border Station (site)	260
Camden, NJ, U.S. Post Office, Courthouse Annex	18,728

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1989	
New Construction (continued):	
Newark, NJ, Martin Luther King, Jr., Federal Building, Site and Design (parking facility)	250
Paterson, NJ, Federal Building	6,552
Trenton, NJ, Federal Building, Courthouse Annex	25,939
Albuquerque, NM, Grant to the University of New Mexico, Zimmerman Library, Repair and Extension	5,000
Portland, OR, (site)	4,100
Columbia, SC, Federal Building and Courthouse (claim)	100
Sumas, WA Border Station	1,800
Other selected purchases, including options to purchase	5,500
Non-Prospectus Projects	2,470
Total, FY 1989	$131,820

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

Repairs and Alterations of public buildings are funded under this activity. Health and safety, state of repair, and operating efficiency of facilities are the principal criteria used in establishing priorities of work, with primary consideration given to repairs to prevent deterioration and damage to the buildings, their support systems, and necessary operating equipment.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Repairs and Alterations				
Line item projects (proj. over $1,500,000) 1/	$266,526	$302,743	$291,315 2/	-$11,428
U.S. Mexico Border Facility Projects	49,936	54,681	10,218	-44,463
Non-line item projects	200,001	201,268	271,177	+69,909
Total, New Obli. Auth.	$516,463	$558,692	$572,710	+$14,018
Compensable Workyears	-- --	-- --		

1/ Prospectus level increased from $500,000 to $1,500,000 for the FY 1990 budget and thereafter.

2/ Project listing on following pages.

EXPLANATION OF CHANGES

The FY 1991 program is categorized by major functional area as follows:

A. Health and Safety	$52,316
B. Repair and Modernization	195,166
C. U.S. Courts	26,836
D. Recapture of Vacant Space	16,997
E. U.S. /Mexico Border Facilities	10,218
F. Non-line item projects	271,177
Total	$572,710

FY 1991 PROGRAM PERSPECTIVE. The FY 1991 program reflects a continuing emphasis on health and safety and repair and modernization. Also included is a request for funds to continue the expansion and improvement of the U.S./Mexico Border Facilities program which began in 1988.
The above estimates are for costs of construction only; design and supervision costs are included in the Design and Construction Services activity.

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1991 Line Item Project Listing

Category/Project	Amount ($000)
HEALTH AND SAFETY	
Chicago, IL, Everett McKinley Dirksen Building (Phase 2)	37,700
Nashville, TN, Estes Kefauver Federal Building and Courthouse Annex	4,616
Pittsburgh, PA, Post Office and Courthouse	2,700
District of Columbia, Hubert H. Humphrey Federal Building	7,300
Subtotal, Health and Safety (4 projects)	52,316
REPAIR AND MODERNIZATION	
Philadelphia, PA, Customhouse	20,166
Oklahoma City, OK, Post Office and Courthouse	11,242
District of Columbia, Veterans Administration Building	26,000
New York City, NY, Bowling Green Customhouse (Phase 1)	4,727
District of Columbia, Elevators (Various Buildings)	16,500
Chicago, IL, Customhouse (Phase 2)	10,260
New York City, NY, Jacob K. Javits Federal Building	13,721
Newark, NJ, Peter W. Rodino, Jr., Federal Building	3,755
Lakewood, CO, Denver Federal Center, Building 56	8,584
Chicago, IL, 536 South Clark Street (Phase 2)	6,248
Arlington, VA, Pentagon (Phase 1)	35,500
Spokane, WA, Federal Building and Post Office	5,071
Seattle, WA, Federal Office Building	17,932
Rochester, NY, Kenneth B. Keating Federal Building	1,994
San Francisco, CA, Appraisers Building	3,958
San Francisco, CA, Customhouse	9,508
Subtotal, Repair and Modernization (16 projects)	195,166

FY 1991 Line Item Project Listing

Category/Project	Amount ($000)
RECAPTURE OF VACANT SPACE	
Sacramento, CA, John E. Moss Federal Building and U.S. Courthouse	10,990
Portsmouth, VA, Federal Building	1,700
Dallas, TX, Federal Building (Terminal Annex)	4,307
Subtotal, Recapture of Vacant Space (3 projects)	16,997
PROJECTS IN SUPPORT OF U.S. COURTS	
Atlanta, GA, Richard B. Russell Federal Building and U.S. Courthouse	3,544
San Diego, CA, Federal Building and U.S. Courthouse	7,836
Indianapolis, IN, Federal Building and Courthouse	3,908
St. Paul, MN, Warren E. Burger Federal Building and U.S. Courthouse	7,633
Brooklyn, NY, Emanuel Celler Federal Building and U.S. Courthouse (Phase 2)	3,915
Subtotal, U.S. Courts (5 projects)	26,836
UNITED STATES - MEXICO BORDER FACILITIES	
El Paso, TX, Ysleta, Border Station	9,044
Calexico, CA, Border Station	1,174
Subtotal, Border Facilities (2 projects)	10,218

FY 1991 Line Item Project Listing

Category/Project	Amount ($000)
Line Item Projects, Total (30 projects)	301,533
Non-Line Item Projects, Total	271,177
Total FY 1991 New Obligational Authority	$572,710

Notes:

(1) Projects are included in the appropriate program group, although most projects will have work in two or more categories.

(2) Projects are in priority order within each program group.

General Services Administration

FEDERAL BUILDINGS FUND

Design and Construction Services

This budget activity provides for the direct funding, under a no-year authorization, of both in-house and contract costs for the design and management/inspection phases of new construction and repairs and alterations projects, as well as non-project related technical services.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991	EXPLANATION OF CHANGES
Design & Construction Services					Increase in provision of all expenses related to design, design and contract review and other technical services related to construction and repairs and alterations. +$30,101
Technical services related to design, construction and contract review.	$133,636	$146,302	$176,403	+$30,101	
Total, New Obli. Auth.	$133,636	$146,302	$176,403	+$30,101	
Compensable Workyears	668	661	661	--	

FY 1991 PROGRAM PERSPECTIVE. This activity provides for the full range of design and construction services relating to all direct construction and repairs and alterations projects as well as non-project related technical services. Included in project design is the development of detailed plans and specifications, working drawings and surveys and tests. Management and inspection of projects involves the physical examination of the quality and quantity of work put in place. The technical services function includes inspections to identify fire and life safety hazards and asbestos problems, buildings evaluations, prospectus development, and development of handbooks and other program guidance.

General Services Administration

FEDERAL BUILDINGS FUND

Installment Acquisition Payments

Through a law enacted in 1972, GSA built 68 facilities under purchase contract arrangements. These purchase contracts require the Government to make periodic payments of principal, interest, and taxes until title is vested with the Government after 30 years of such payments. Also provides for similar payment of principal, interest and other required obligations for installment (lease) purchase facilities which have been individually authorized by Congress since 1987.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Purchase Contract Payments				
Package System Projects: 23 proj. under purch. contr. authorized by the Public Bldgs. Amendments of 1972.	$8,963	$8,914	$9,079	+$165
Dual System Projects: 45 proj. under purch. contract auth. by the Public Buildings Amendments of 1972.	112,537	117,838	122,000	+4,162
Individual Installment Purchase Contracts	--	--	5,500	+5,500
Total, New Obli. Auth.	$121,500	$126,752	$136,579	+$9,827
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES

Payments made on installment contract projects are composed of principal, interest, taxes & administrative expenses. Changes in these categories from 1990 to 1991 are shown below:

Principal	+$5,326
Interest	+1,977
Taxes	+2,524
Administrative Exp.	--
Total	+$9,827

1991 PROGRAM PERSPECTIVE. Resources are required to make payments of principal, interest, taxes and other required obligations for facilities completed under the 1972 Act as well as individual installment purchase facilities authorized after 1987.

General Services Administration

FEDERAL BUILDINGS FUND

Rental of Space

This activity provides for all costs related to the acquisition of leased space, including payments for existing leases, projected new leases to be negotiated, rental rate increases estimated to occur and for all related buildings services furnished by lessors under the terms of lease agreements.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Rental of Space				
Rental of leased space and related services	$1,159,323	$1,290,921	$1,495,662	+$204,741
Payments to USPS	34,322	36,415	38,638	+2,223
Total, New Obli. Auth.	$1,193,645	$1,327,336	$1,534,300	+$206,964
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
Agency expansion space acquired in 1990 & 1991	+$114,590
Release of leased space in 1990 and 1991	-23,429
Commercial rental rate increases in 1990 and 1991	+115,803
Total	+$206,964

FY 1991 PROGRAM PERSPECTIVE. During FY 1991, GSA will continue its efforts to reduce leased space and associated costs. Programs to support this objective include replacement of leased space with Government-owned space where economically justified through direct Federal construction, building purchase, and renovation; more efficient use of existing space; and the identification and disposal of unneeded space.

The goal for office space utilization remains at 135 square feet per employee.

General Services Administration

FEDERAL BUILDINGS FUND

Real Property Operations

This activity provides for operation of all Government-owned facilities under the jurisdiction of GSA, and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish them. Services included in building operations are cleaning, protection, maintenance, payments for utilities, fuel and other miscellaneous activities such as grounds maintenance, elevator operations, lease administration and day-to-day servicing of tenants' needs. Space, operations, and services are furnished by GSA to its tenant agencies in return for payment of the Rent charge, just as the private sector tenants pay rent for space and services provided by lessors.

PROGRAM BY ACTIVITIES
$(Thousands)

Real Property Operations	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Cleaning	$157,230	$167,268	$179,985	$+12,717
Utilities and Fuel	165,855	178,455	186,993	+8,538
Maintenance	126,084	133,924	142,255	+8,331
Other Buildings Services	101,476	103,307	111,788	+8,481
Fire and Lifesafety	10,503	12,179	13,768	+1,589
Protection	51,697	61,496	66,340	+4,844
Other Staff Support	65,642	77,541	81,717	+4,176
Delegated Buildings	187,558	202,130	239,484	+37,354
ADP Support	15,955	11,700	14,870	+3,170
Total, New Obli. Auth.	$882,000	$948,000	$1,037,200	$+89,200
Compensable Workyears	8,282	8,325	8,314	-11

EXPLANATION OF CHANGES	
Buildings services in new space. (Net of space released)	+$14,877
Program enhancements	+8,186
Increased fuel and utility costs.	+8,827
Inflationary impact on contracts, supplies and materials.	+16,728
Productivity and A-76 savings.	-1,150
Restoration of previously delegated workload.	+27,378
Other changes.	+14,354
Total change	+$89,200

FY 1991 PROGRAM PERSPECTIVE. The FY 1991 program provides for a level of buildings services commensurate with that provided in FY 1990. Major initiatives include the delegation to agencies of operational responsibility for single tenant Government-owned and leased buildings. GSA budgets directly for all delegated buildings and transfers funding to the participating agencies through a system of allocation accounts.

General Services Administration

FEDERAL BUILDINGS FUND

Program Direction

The Program Direction Activity provides for the overall general management, long and short-range planning, development of policy, program control and evaluation, and administration of all programs which are the responsibility of the Public Buildings Service. It also provides for certain PBS support services which are funded on a centralized basis.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Program Direction				
Overall Direction	$24,361	$29,432	$26,094	$-3,338
Centralized Services	17,692	18,828	37,973	+19,145
ADP Support	6,840	19,650	26,600	+6,950
Delegated Buildings	107	110	114	+4
Total, New Obli. Auth.	$49,000	$68,020	$90,781	$+22,761
Compensable Workyears	401	401	401	--

EXPLANATION OF CHANGES	
Decrease for appraisal of commercial rent equivalent (funded in 1990)	-$5,000
Increased payment to Labor Dept. for accident/unemployment compensation	+855
Inflationary impact on support services	+856
FERS/Pay raise	+1,323
Replacement/conversion of the PBS Information system and maint. of present system	+6,950
Pmt. to GM&A for centralized support services	+17,777
Total change	$+22,761

FY 1991 PROGRAM PERSPECTIVE. General management activities are continued at the same program level as FY 1990. Emphasis is placed on maintaining and converting the PBS automated information system.

General Services Administration

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE

The Federal Supply Service (FSS) provides and supports a worldwide logistics supply system to contract for and distribute supplies and personal property to Federal agencies and other authorized users; provides transportation and travel management regulations and services, including transportation audits; and manages the Interagency Federal Fleet Management System. It also provides a Governmentwide program for utilization, donation and sale of excess and surplus personal property. The major objective of these programs is to provide excellent support and services to customers while maximizing operational efficiency and continuing to reduce the cost of government.

PROGRAM BY ACTIVITIES
$ (Thousands)

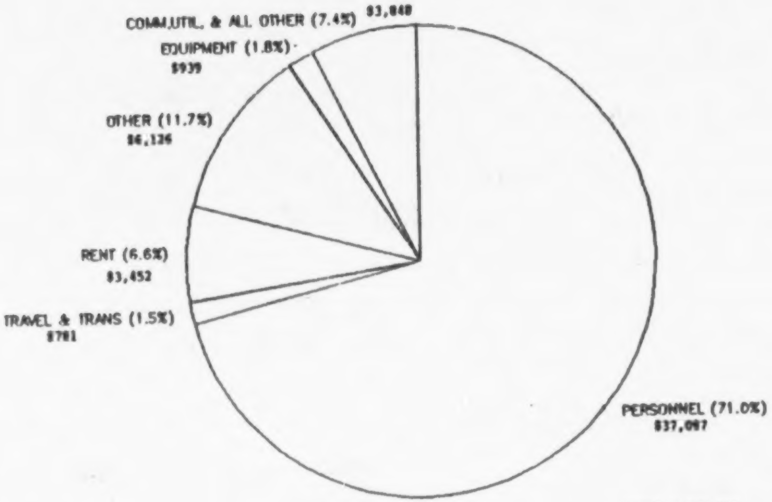
	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Supply	$15,815	$16,814	$17,914	+$1,100
Transportation	14,884	14,556	16,284	+1,728
Property Management	15,393	16,274	18,045	+1,771
Total Obligations	$46,092	$47,644	$52,243	+$4,599
Unoblig. bal. lapsing	908	-	-	-
Budget Auth. (App.)	$47,000	$47,644	$52,243	+$4,599
Total Comp. Workyears	939	904	904	-

EXPLANATION OF CHANGES	
Systems Furniture	-232
WITS Conversion	-320
Payment to GM&A for Centralized Support Services	+1,838
Inflation	+382
ADP Contract Support	+825
Part Year and Annualized Cost of Pay Raise	+2,106
Total Change for 1991	+$4,599

1991 PROGRAM PERSPECTIVE. The fiscal year 1991 estimate provides the funding necessary for the Federal Supply Service to perform its property management, transportation services, transportation audits, schedules contracting, and policy and agency liaison responsibilities. Supply operations functions, for the third full year, will be funded through the General Supply Fund under industrial funding. Included in the requested level are funds for ADP contract support, payments to GM&A for centralized support services, pay raise costs and inflation. These increases are partially offset by decreases in system furniture and telephone system conversion.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

FISCAL YEAR 1991 OE-FSS OBLIGATIONS
BY COST CATEGORY
(Dollars in Thousands)



TOTAL = $52,243

General Services Administration

GENERAL SUPPLY FUND

This revolving fund finances, on a reimbursable basis, a national supply distribution system, a system of ordering supplies for direct delivery to agencies, and system of Interagency Federal Fleet Management Centers. Legislation was approved in fiscal year 1988 to authorize full cost recovery for all supply management, operating, and overhead expenses related to providing goods and services to other agencies through the General Supply Fund. These expenses were previously funded through the Operating Expenses, Federal Supply Service appropriation. No Budget Authority (appropriation) is required, since the full cost of all supply activities financed through this account is now recovered through charges on goods and services.

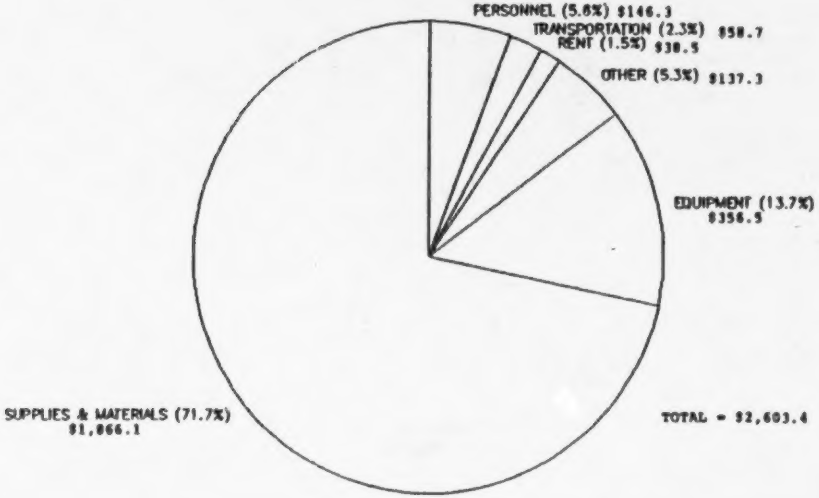
PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991	EXPLANATION OF CHANGES
1. Supply Operations					
Stores Stock	$1,049,473	$1,054,720	$1,068,613	+$13,893	Reflects anticipated increases in wholesale distribution centers, export, ADP contract support costs and stores, direct deliveries, and decrease in special order business volumes.
Stores, Dir. Del	69,436	72,477	74,325	+1,848	
Special Order	829,262	836,114	828,454	-7,660	
Export & Misc.	35,710	35,889	36,248	+359	
2. Fleet Management	259,670	230,013	239,214	+9,201	Reflects estimated increases in business level.
3. Capital Investment					
Supply Operations	19,726	3,794	14,000	+10,206	Supply expenditures are primarily for distribution facilities equipment, while Fleet Management expenditures are for vehicles.
Fleet Management	184,579	326,210	342,500	+16,290	
Total Obligations	$2,447,856	$2,559,217	$2,603,354	+$44,137	
Total Compens. Workyears	3,596	3,697	3,697	-	

1991 PROGRAM PERSPECTIVE. The fiscal year 1991 program reflects the third full year of industrial funding in the General Supply Fund (GSF) under Public Law (P.L.) 100-202, dated December 22, 1987. P.L. 100-202 amended the Federal Property and Administrative Services Act of 1949 to permit the GSF to recover all costs related to supply operations. Previously the GSF collected only the costs of supplies and materials, transportation costs and inventory adjustments. The 1991 program reflects increased business volumes in all programs except Special Order Programs.

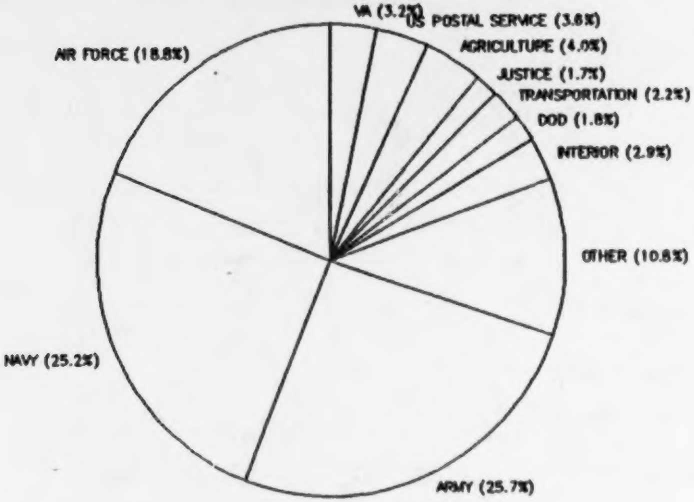
FEDERAL SUPPLY SERVICE
General Supply Fund

FISCAL YEAR 1991 GSF OBLIGATIONS BY COST CATEGORY (Dollars in Millions)



FEDERAL SUPPLY SERVICE
General Supply Fund

GSF - SUPPLY OPERATIONS
TOP TEN SALES TO CUSTOMER AGENCIES
(DOLLARS IN MILLIONS)



STORES REGULAR SALES - Fiscal Year 1989 $1,025.3

EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION

A special fund through which the expenses of transportation audit contracts and contract administration are financed from overcharges (receipts) from carriers on transportation bills paid by the Government. Contract audit firms are used to identify and collect carrier overcharges.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991	EXPLANATION OF CHANGES	
Audit contracts	$13,250	$14,346	$14,753	+$407	Contract services/expenses for expanded collection effort	+$407
Contract administration	1,746	937	1,007	+70	Price inflation	+32
Total Obligations	14,996	15,283	15,760	+477	Part year and annualized cost of payraise	+38
Unobligated Balance Lapsing	4	-	-	-		
Budget Authority	$15,000	$15,283	$15,760	+$477	Total Change for 1991	+$477
Appropriation	15,000	15,500	15,760	+260		
Reduction pursuant to P.L. 99-177	-	-217	-	+217		
Adj. Appropriation (perm., indefinite)	$15,000	$15,283	$15,760	+$477		
Total Compens. Workyears	15	14	14	-		

1991 PROGRAM PERSPECTIVE. Public Law 99-88 provides that expenses of Transportation Audit Contracts and Contract Administration activities shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds. Public Law 99-627 further provides prepayment audit authority for selected transportation bills, permanent authority to pay transportation audit contractors from carrier overpayments collected, and authority to transfer net overpayments collected to the Treasury. For fiscal year 1991, contract audit and contract administration expenses are estimated at $15.8 million. Total collections are estimated at $61 million.

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Gross receipts from overcharges collected	$73,000	$59,000	$61,000	+$2,000

General Services Administration
OPERATING EXPENSES, INFORMATION RESOURCES MANAGEMENT SERVICE

Provides for the overall direction and coordination of comprehensive Governmentwide programs for the management, procurement, and utilization of automatic data processing, telecommunications, and office information equipment and services. It provides for the development and coordination of Governmentwide policies, procedures and regulations pertaining to ADP, telecommunications, and office information systems acquisition, management and utilization; provides for establishment of Governmentwide automated data processing standards; provides information services to the public; and provides for the overall management of operations financed through the Information Technology Fund. It also provides for the Information Security Oversight Office, which makes available to the public as much information as possible regarding the affairs of Government, while at the same time providing maximum security for national security information.

PROGRAM BY ACTIVITIES
$ (THOUSANDS)

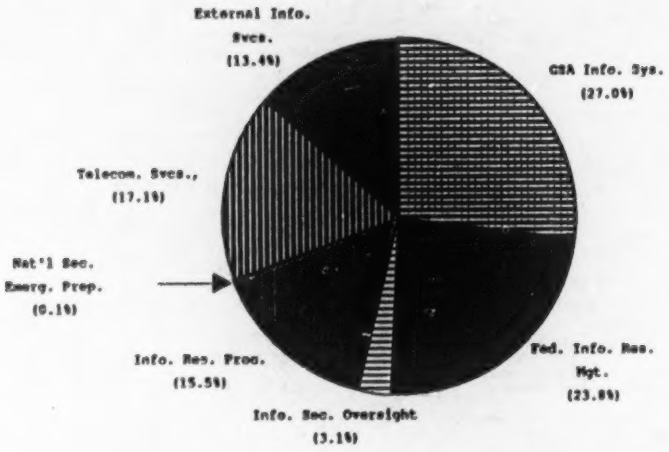
	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Federal Information Resources Management	$7,668	$8,016	$9,335	$1,319
External Information Services	4,859	4,867	5,269	402
Information Resources Procurement	4,800	5,173	6,067	894
GSA Information Systems	7,378	7,431	10,646	3,215
Telecommunications Services	5,630	5,923	6,702	779
Information Security Oversight Office	1,037	1,070	1,199	129
National Security Emergency Preparedness	340	-	50	50
Total Obligations	$31,712	$32,480	$39,268	$6,788
Unobligated Balance Lapsing	163	-	-	-
APPROPRIATION (Adjusted)	$31,875	$32,480	$39,268	$6,788
Total Compensable Workyears	411	381	376	-5

EXPLANATION OF CHANGES	
General Services Administration System (GSAS) Costs	+$2,633
Increased Workload in MASC and Contract Administration Program	+427
Implementation of Telecommunications Accessibility Enhancement Act	+229
Expanded Delegations and Management Reviews	+450
GSA Support of NCS	+50
Increased Workload in ISOO	+76
Payments to General Management and Administration for Centralized Support Services	+705
Other Changes (Part Year and Annualized Cost of Pay Raise, PMS/PMRS Awards, FERS, Inflation, Net Decrease for RENT, and Net Increase for Other Changes)	+2,218
TOTAL CHANGES FOR FY 1991	+$6,788

1991 PROGRAM PERSPECTIVE Program requests include increases of $229,000 for the implementation of the Telecommunications Accessibility Enhancement Act, $450,000 for expanded delegation and management reviews, $427,000 for increased workload in the Multiple Awards Schedules Contracts and contract administration program, $2,633,000 for site preparation and parallel operations costs associated with the General Services Administration System (GSAS)—formerly, IPDC-90, $76,000 for increased workload in the Information Security Oversight Office (ISOO), $50,000 for GSA's support of the National Communications System (NCS), and $705,000 for payments to the General Management and Administration for centralized support services. In addition, a net change in FTE reflects a onetime FY 1990 increase in FTE ceiling.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

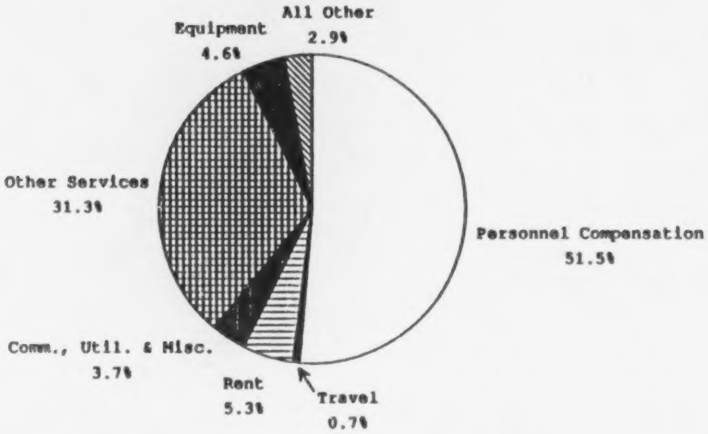
FY 1991
Obligations by Activity
Total — $39,268,000



Activity	Obligations	Percent
Fed. Inf. Resources Mgt.	$9,335,000	23.8%
External Information Services	$5,269,000	13.4%
Info. Resources Procurement	$6,067,000	15.5%
Telecommunications Services	$6,702,000	17.1%
GSA Information Systems	$10,646,000	27.0%
Info. Security Oversight Ofc.	$1,199,000	3.1%
National Sec. Emergency Prep.	$50,000	0.1%
Total	$39,268,000	100.0%

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FY 1991
Obligations by Category
Total -- $39,268,000



Category	Obligations	Percent
Personnel Compensation	$20,221,000	51.5%
Travel	$277,000	0.7%
Rent	$2,094,000	5.3%
Communications, Utilities, & Misc.	$1,443,000	3.7%
Other Services	$12,278,000	31.3%
Equipment	$1,817,000	4.6%
All Other	$1,138,000	2.9%
TOTAL	$39,268,000	100.0%

General Services Administration

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE

Provides for management of programs for the utilization and disposal of excess and surplus Federal real property. It also provides for the utilization survey, deed compliance inspection, appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus real property.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Real Estate Policy and Sales	$9,965	$11,072	$12,798	+$1,726
Total obligations	9,965	11,072	12,798	+1,726
Unoblig. Balance lapsing	835	-	-	-
Budget Authority	10,800	11,072	12,798	+1,726
Appropriation	10,800	12,174	12,798	+624
Reduction pursuant to P.L. 101-164	-	-945	-	+945
Reduction pursuant to P.L. 99-177	-	-157	-	+157
APPROPRIATION (Adjusted)	$10,800	$11,072	$12,798	+$1,726
Total compens. workyears	150	149	149	-

EXPLANATION OF CHANGES	
Part Year & Annualized Pay Raise	+$247
RENT Increase	+18
Goods and Services inflation	+147
Protection and Maintenance	+1,172
Payment to GM&A for Centralized Support Services	+142
Total Change for 1991	+$1,726

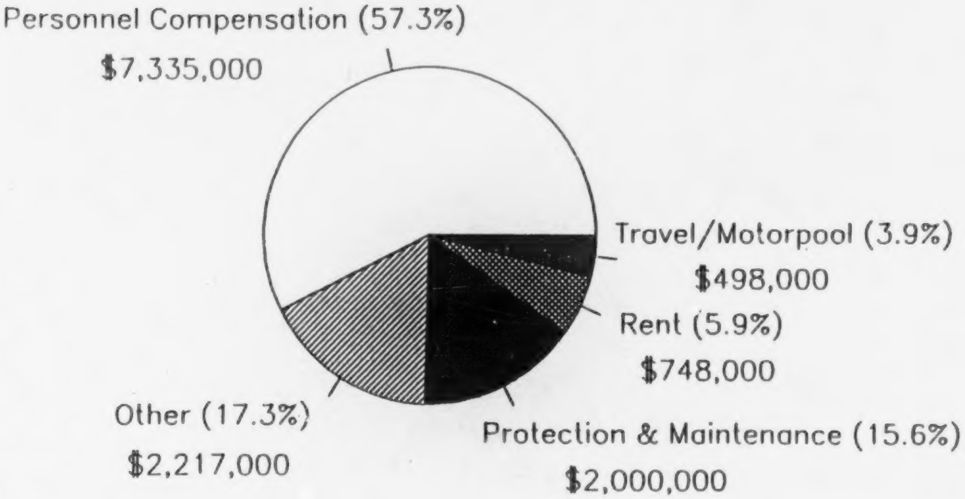
1991 PROGRAM PERSPECTIVE. The resource level requested for FY 1991 will permit the Federal Property Resources Service to continue to provide Government policy oversight and guidance for Federal real property management, for developing legislative initiatives that seeks to improve such management, and for conducting real property utilization surveys to identify real property which is not utilized, underutilized and not being put to optimum use, and recommends excessing of such properties.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

Federal Property Resources Service

FY 1991 Operating Expenses

Total – $12,798,000

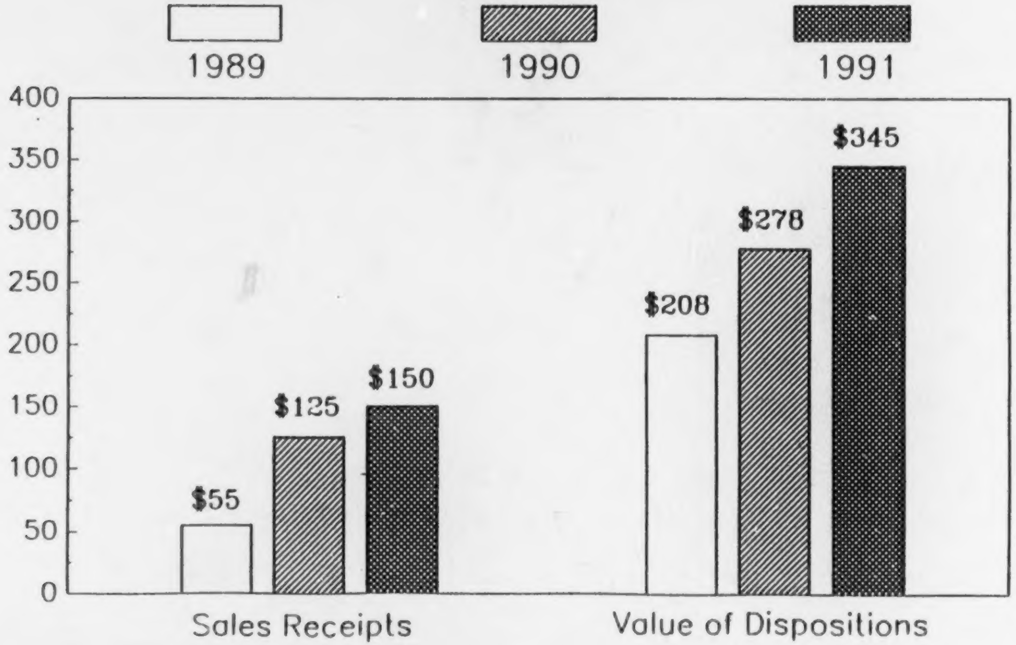


Federal Property Resources Service

Office of Real Estate Policy & Sales

Workload Data--FY 1989 - 1991

($ in Millions)



General Services Administration

REAL PROPERTY RELOCATION

This appropriation provides for relocation costs involved in moving agencies from valuable underutilized property, targeted for public sale, to facilities determined to be more economically suitable to their needs. The sale of these valuable underutilized properties would provide significant revenue to the Treasury and would far outweigh the relocation costs involved.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991	EXPLANATION OF CHANGES	
Relocation Expenses	$1,775	$15,167	$8,000	-$7,167		
Total obligations	1,775	15,167	8,000	-7,167		
Unoblig. bal. avail. SOY	-5,000	-7,225	-	+7,225		
Unoblig. bal. avail. EOY	7,225	-	-	-		
Budget Authority	$4,000	$7,942	$8,000	+$58	Resources for Relocation Expenses	+$58
Appropriation	4,000	8,000	8,000	-		
Reduction pursuant to P.L. 99-177	-	-58	-	-		
Appropriation (adjusted)	$4,000	$7,942	$8,000	+$58	Total Change for 1991	+$58

1991 PROGRAM PERSPECTIVE. This appropriation for FY 1991 in the amount of $8,000,000 is for relocation expenses associated with acquisition of sites and facilities, and expenses of moving or repurchasing equipment and personal property to facilitate disposal of underutilized federal property.

General Services Administration

SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

Provides for policy direction and coordination of all GSA programs by the Administrator, Deputy Administrator, and Regional Administrators. It also provides for congressional and public affairs activities; agencywide acquisition policy, planning and coordination and agencywide administrative, financial and management support services on a centralized and integrated basis.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Policy Direction	$25,471	$26,109	$34,626	+$8,517
Comptroller	54,488	53,914	8,984	-44,930
Administration	36,051	39,632	42,926	+3,294
Board of Contract Appeals	3,856	3,053	4,019	+966
Grant Program	-	12,984	-	-$12,984
Total Obligations	$119,866	$135,692	$90,555	-$45,137
Unobligated Balance Lapsing (Net)	908	-	-	-
APPROPRIATION (Adjusted)	$120,774	$135,692	$90,555	-$45,137
Total Compensable Workyears	1,991	2,014	1,274	-740

Explanation of Changes

	$	Work-years
Small & Disadvantaged Business	+$717	+11
Acquisition Policy Debarement List	+590	+2
Law Clerk Program	+642	+13
Centralized Support Service	+2,724	-
Realignment of programs	-44,668	-766
Grant Program	-12,984	-
Inflation	+2,937	-
Extra paid day	+384	-
Pay raise	+4,521	-
	-$45,137	-740

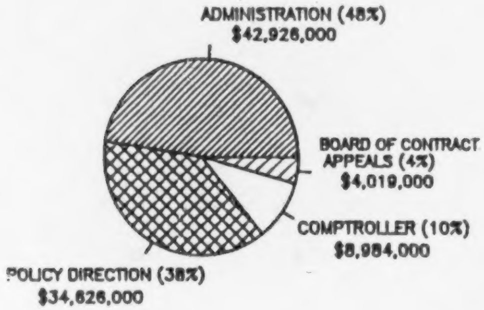
1991 Program Perspective: The resource level requested for FY 1991 will provide for the following essential program changes: An increase of $717,000 and 11 work-years for the Small and Disadvantaged Business program, funded in the Public Buildings Service prior to fiscal year 1991; $590,000 and 2 work-years to enhance the Governmentwide List of Parties Excluded from Federal Procurement or Nonprocurement Programs (Debarment List) for the Office of Acquisition Policy, required to implement Section 5301 of P.L. 100-690, the Anti-Drug Abuse Act of 1988, pertaining to the denial of Federal benefits for certain drug offenders; $642,000 and 13 work-years for a Law Clerk program to perform research for judges of procedural motions, discovery matters and evidentiary questions, as well as substantive issues regarding the merits of appeals and protests; $2,724,000 for payment to GM&A for centralized support services; and a net decrease of $44,668,000 and 766 work-years consisting of a decrease of $49,882,000 and 855 work-years for the conversion of the internal accounting support functions from direct to reimbursable funding and an increase of $5,214,000 and 89 work-years for financing programs previously reimbursable to the General Management and Administration account prior to fiscal year 1991.

GENERAL SERVICES ADMINISTRATION

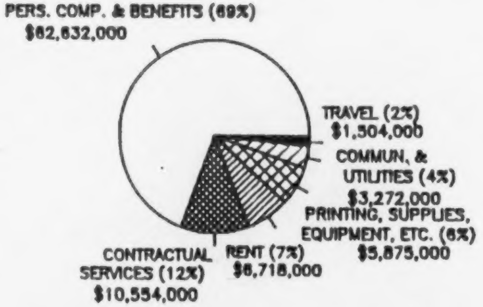
SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

FY 1991 APPROPRIATIONS $90,555,000

DISTRIBUTION BY PROGRAM



DISTRIBUTION BY MAJOR COST



General Services Administration

OFFICE OF INSPECTOR GENERAL

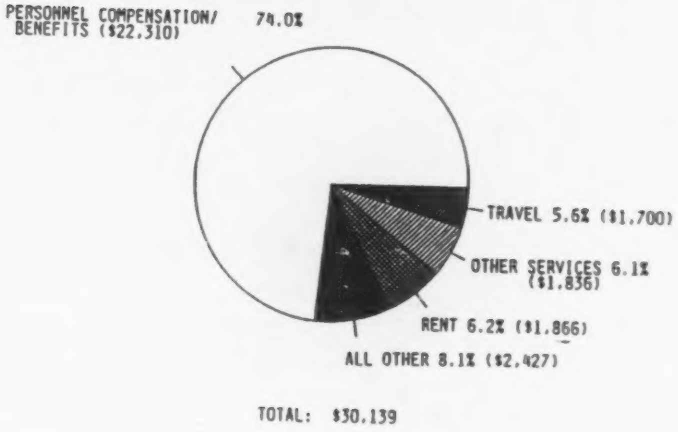
Provides for: Agencywide audit and investigative functions to identify and correct management and administrative deficiencies within GSA which create real or potential conditions for fraud, corruption and mismanagement.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Total Obligations	$24,843	$26,136	$30,139	+$4,003
Unoblig. Balance Lapsing	157	-	-	-
APPROPRIATION (Adjusted)	$25,000	$26,136	$30,139	+$4,003
Total Compens. Workyears	421	425	435	10

Explanation of Changes	
Increased Audits and Investigations	+$379
Continued ADP Systems Implementation	+603
Staff Relocations	+250
Part Year and Annualized Cost of Pay Raises	+1,342
Extra Paid Day in FY 1991	+179
Price Escalation in Non-personnel Costs	+260
Payments to GM&A for Centralized Support Services	+990
Total Change from 1990	+$4,003

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FY 1991 REQUEST
Distribution by Major Cost Element
(Dollars in Thousands)



General Services Administration

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

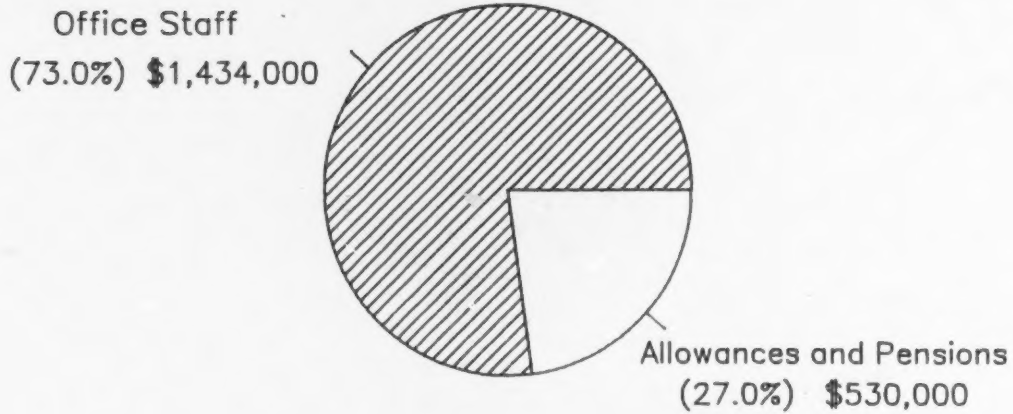
Provides for pensions, office staffs, and related expenses for former Presidents. This appropriation also provides for the pension and cost of postal franking privileges for the widow of former President Johnson.

PROGRAM BY ACTIVITIES
$ (Thousands)

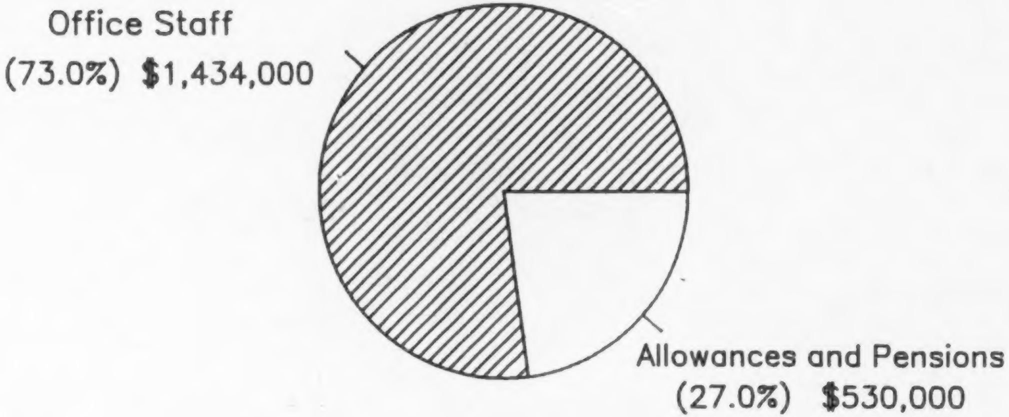
	FY 1989	FY 1990	FY 1991	Change 1990 to 1991	Explanation of Changes	
Allowances & Pensions	$388	$441	$530	+$89	Increased costs for the following:	
Office Support Costs	860	1,367	1,434	+67		
Total Obligations	$1,248	$1,808	$1,964	+$156	- Pay raise for Pensions - Inflation	+$89 +67
Unobligated Balance Lapsing	183	-	-	-	Total Change from 1990	+$156
APPROPRIATION (Adjusted)	$1,431	$1,808	$1,964	+$156		

1991 Program Perspective: The FY 1991 request will allow for continued funding of pensions, office staff and related expenses for former Presidents Nixon, Ford, Carter, and Reagan and for the pension and franking privileges for the widow of former President Johnson. There are no discretionary increases included in the funding requested.

GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1991 APPROPRIATION $1,964,000
DISTRIBUTION BY PROGRAM AREA



GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1991 APPROPRIATION $1,964,000
DISTRIBUTION BY PROGRAM AREA



SUMMARY ANALYSIS OF FY 1991 ESTIMATES FOR SERVICES AND STAFF OFFICES

PUBLIC BUILDINGS SERVICE

Federal Buildings Fund, New Obligational Authority — ($3,818,977,000)

Net increase of $505,032,000 and a decrease of 11 average positions from enacted FY 1990 obligational authority of $3,313,945,000.

Construction and Acquisition of Facilities — ($271,004,000)

Net increase of $132,161,000 from the 1990 level. Increases consist of:

— $265,549,000 for FY 1991 new construction projects.

— $3,000,000 non-propectus project.

These increases of $268,549,000 are offset by decreases of:

— $133,413,000 for FY 1990 new construction projects.

— $2,475,000 for Construction claims.

— $500,000 for purchase of commercial buildings

Repairs and Alterations — ($572,710,000)

Net increase of $14,018,000 from the FY 1990 level. Increase consists of $69,909,000 for non-line item projects.

This increase is offset the following decreases:

— $11,428,000 for line item projects.

— $44,463,000 for border facility projects.

Design and Construction — ($176,403,000)

Net increase of $30,101,000 from the FY 1990 level for technical services related to design, construction and contract review.

Installment Acquisition Payments — ($136,579,000)

Net increase of $9,827,000 from the FY 1990 level, consisting of $1,977,000 for interest payments, increased principal payments of $5,326,000 and increases in state and local tax payments of $2,524,000.

Rental of Space — ($1,534,300,000)

Net increase of $206,964,000 from the 1990 level. Increases consist of:

— $114,590,000 for agency expansion space acquired in 1990 and 1991.

— $115,803,000 for commercial rental increases.

These increases of $230,393,000 are offset by a decrease of $23,429,000 for release of leased space in 1990 and 1991.

Real Property Operations — ($1,037,200,000)

Net increase of $89,200,000 and decrease of 11 average positions from the FY 1990 level. Increases consist of:

— $14,877,000 for building services in new space.

— $8,186,000 for program enhancements.

— $16,720,000 for inflation.

— $27,378,000 for restoration of previously delegated workload.

— $14,354,000 for other changes.

— $8,827,000 for increased fuel and utility costs.

These increases of $90,350,000 are offset by a decrease of $1,150,000 and 11 average positions for productivity improvements, including A-76 savings.

Program Direction — ($90,781,000)

Increase of $22,761,000 from the FY 1990 level consisting of:

— $856,000 for inflation.

— $6,950,000 for the PBS Information System.

— $1,323,000 for FERS and pay raise.

— $855,000 for increased payment for [illegible] and unemployment compensation.

— $17,777,000 for payment to GMA for centralized support services.

These increases of $27,761,000 are offset by a decrease of $5,000,000 for commerical rent equivalent estimate.

SUMMARY ANALYSIS OF FY 1991 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

Advances and Reimbursements, FBF — ($443,312,000)

Net decrease of $11,824,000 from the FY 1990 level, consisting of a decrease of $19,057,000 in reimbursable service requirements and an increase of $7,233,000 for inflation.

FEDERAL SUPPLY SERVICE

Operating Expenses — $52,243,000

Net increase of $4,599,000 from the FY 1990 level. Increases consist of:

— $1,838,000 for payment to GMA for centralized support services.

— $382,000 for inflation.

— $825,000 for ADP initiatives.

— $2,106,000 for part-year and annualized cost of pay raise

These increases of $5,151,000 are offset by a decrease of $232,000 for systems furniture and $320,000 for WITS conversion.

Advances and Reimbursements, Federal Supply Service — ($3,809,000)

Net increase of $136,000 from the FY 1990 level. The increase is due to inflation and pay.

Expenses of Transportation Audit — $15,760,000

Net increase of $477,000 from the FY 1990 level, mostly for increased contractor payments, along with inflation and pay.

General Supply Fund — ($2,603,354,000)

Net increase of $44,137,000 from the 1990 level. Increases consist of:

— $17,024,000 for payment to GMA for centralized support services.

— $26,496,000 for capital outlay.

— $2,030,000 for fleet management.

— $6,247,000 for inflation.

These increases of $51,797,000 are offset by a decrease of $7,660,000 due to lower special orders procurement volumes.

INFORMATION RESOURCES MANAGEMENT SERVICE

Operating Expenses — $39,268,000

Net increase of $6,788,000 and a reduction of 5 average positions from the FY 1990 level. Increases consist of:

— $76,000 for increased workload in Information Security Oversight Office.

— $2,633,000 for GSAS cost.

— $427,000 for MASC and Contract Administration.

— $474,000 for inflation.

— $345,000 for PMS/PMRS awards.

— $705,000 for payment to GMA for centralized support services.

— $166,000 for FERS.

— $250,000 for all other increases

— $1,288,000 for part-year and annualized cost of pay raise.

— $229,000 for implementation of the Telecommunication Accessibility Enhancement Act.

— $450,000 for expanded delegations and management reviews.

These increases of $7,043,000 are partially offset by a decrease of $255,000 for RENT payments on current space.

Advances and Reimbursements, IRMS — ($40,293,000)

Increase of $2,293,000 from the FY 1990 level consisting of:

— $783,000 for inflation.

— $70,000 for RENT increase.

— $159,000 for PMS/PMRS awards.

— $94,000 for FERS.

— $620,000 for increased user requirements.

— $216,000 for growth in NSEP and FIRM.

— $351,000 for part-year and annualized cost of pay raise.

SUMMARY ANALYSIS OF FY 1991 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

Information Technology Fund — ($1,334,976,000)

Net decrease of $19,137,000 and 90 average positions from the FY 1990 level. Decreases consist of:

— $164,733,000 and 90 average positions for customer requirements and contractor payments.

— $624,000 for consolidation or centralization.

These decreases of $165,357,000 are offset by the following increases:

— $3,279,000 for inflation.

— $6,939,000 for pay adjustments.

— $618,000 for FERS.

— $7,969,000 for payment to GMA for centralized support services.

— $125,000,000 for FTS 2000.

— $2,415,000 for program costs.

FEDERAL PROPERTY RESOURCES SERVICES

Operating Expenses — $12,798,000

Increase of $1,726,000 from the FY 1990 level consisting of:

— $1,172,000 for protection and maintenance.

— $247,000 for part-year and annualized pay.

— $18,000 for RENT.

— $147,000 for inflation.

— $142,000 for payment to GMA for centralized support services.

Advances and Reimbursements, FPRS — ($800,000)

No change from the FY 1990 level.

Real Property Relocation Expenses — $8,000,000

Net increase of $58,000 from the FY 1990 level to provide for the optimum utilization of real property.

Expenses, Disposal of Surplur Real and Related Personal Property — $3,800,000

Net increase of $53,000 from the FY 1990 level to provide for inflation.

EXECUTIVE DIRECTION AND STAFF OFFICES

General Management and Administration — $90,555,000

Decrease of $45,137,000 and 740 average positions from the FY 1990 level. Decreases consist of:

— $49,882,000 and 855 average positions for the realignment of the finance program from direct to reimbursable.

— $12,984,000 for the Grant Program.

These decreases of $62,866,000 are offset by the following increases:

— $2,937,000 for inflation.

— $717,000 and 11 average positions for the Office of Small and Disadvantaged Business.

— $590,000 and 2 average positions for the Acquisition Policy Debarment List.

— $642,000 and 13 average positions for the Law Clerk Program.

— $2,724,000 for payment to GMA reimbursable for centralized support services.

— $384,000 for an extra paid day.

— $4,521,000 for part-year and annualized cost of pay raise.

— $5,214,000 and 89 average positions for directly financing programs previously reimbursable to GMA.

Advances and Reimbursements, GMA — 76,983,000

Increase of $50,483,000 and 766 average positions from the FY 1990 level consisting of:

— $49,882,000 and 855 average positions for realignment of the finance program from direct to reimbursable.

— $290,000 for pay raise annualization, and an extra paid day.

— $311,000 for inflation.

The average position increase is offset by a decrease of 89 average positions financed by GMA direct in 1991.

Inspector General — $30,139,000

Increase of $4,003,000 and 10 average positions from the FY 1990 level consisting of:

— $179,000 for an extra paid day.

SUMMARY ANALYSIS OF FY 1991 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

INSPECTOR GENERAL - continued

— $260,000 for inflation.

— $1,342,000 for part-year and annualization of pay raise.

— $990,000 for payment to GMA for centralized support services.

— $603,000 for continued ADP systems implementation.

— $250,000 for staff relocations.

— $379,000 and 10 average positions for increased Audits and Investigations.

Advances and Reimbursements, IG — ($110,000)

No change from the FY 1990 level.

Allowances and Office Staff for Former Presidents — $1,964,000

Increase of $156,000 from the FY 1990 level, consisting of:

— $89,000 for part-year and annualized cost of pay raise.

— $67,000 for inflation.

Working Capital Fund — ($25,702,000)

Decrease of $1,470,000 and 1 average position from the FY 1990 level. Decreases consist of:

— $2,457,000 for anticipated savings related to the Cost Per Copy program.

— $50,000 and 1 average position related to A-76 study.

These decreases of $2,507,000 are offset by the following increases:

— $108,000 for inflation.

— $256,000 for part year and annualization of pay raise ($220,000), and extra paid day ($36,000).

— $673,000 for payments to GMA for centralized support services.

GENERAL SERVICES ADMINISTRATION
Budget Authority and Average Positions for FY 1991
(In thousands of dollars)

	1989 Actual		1990 Program		1991 Estimate		Increase or Decrease (-) for 1991 from 1990					
							Total Changes		Program Changes		Other Changes	
	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority
Federal Buildings Fund.........	9,351	-	9,387	25,220	9,376	-	-11	-25,220	-11	-25,220	-	-
Operating Expenses, FSS........	939	47,000	904	47,644	904	52,243	-	4,599	-	2,111	-	2,488
Adv. & Reimb., FSS.............	24	-	27	-	27	-	-	-	-	-	-	-
Transportation Audits..........	15	15,000	14	15,283	14	15,760	-	477	-	407	-	70
General Supply Fund............	3,596	-	3,697	-	3,697	-	-	-	-	-	-	-
Operating Expenses, IRMS.......	411	31,875	381	32,480	376	39,268	-5	6,788	-5	4,570	-	2,218
Adv. & Reimb., IRMS............	239	-	239	-	239	-	-	-	-	-	-	-
Information Technology Fund....	1,592	-	1,725	-	1,635	-	-90	-	-90	-	-	-
Operating Expenses, FPRS.......	150	10,800	149	11,072	149	12,798	-	1,726	-	1,314	-	412
Real Property Relocation	-	4,000	-	7,942	-	8,000	-	58	-	58	-	-
Expenses Disposal..............	-	1,098	-	3,747	-	3,800	-	53	-	-	-	53
Salaries & Expenses, GMA.......	1,991	120,774	2,014	135,692	1,274	90,555	-740	-45,137	-740	-52,979	-	7,842
Adv. & Reimb., GMA.............	251	-	270	-	1,036	-	766	-	766	-	-	-
Inspector General..............	421	25,000	425	26,136	435	30,139	10	4,003	10	2,222	-	1,781
Former Presidents..............	-	1,431	-	1,808	-	1,964	-	156	-	-	-	156
Working Capital Fund...........	296	-	295	-	294	-	-1	-	-	-	-1	-
Expenses, Presidential Trans...	-	3,750	-	-	-	-	-	-	-	-	-	-
TOTAL*................	19,276	260,728	19,527	307,024	19,456	254,527	-71	-52,497	-70	-67,517	-1	15,020

* Excludes Consumer Information Center.

GENERAL SERVICES ADMINISTRATION
Analysis of Changes in Amounts
FY 1991 Over 1990 in Appropriation Accounts
(Dollars in thousands)

PROGRAM CHANGES:	Total	OE, FSS	Transportation Audits	OE, IRMS	OE, FPRS	S&E, GMA	Former Presidents	Inspector General
GSAS costs	2,633	-	-	2,633	-	-	-	-
Workload increase-MASC, I300	503	-	-	503	-	-	-	-
Implement Telcomm. Access Act	229	-	-	229	-	-	-	-
Expand Delegation & Mgmt Reviews	450	-	-	450	-	-	-	-
GSA Support of NCS	50	-	-	50	-	-	-	-
Increased contractor payments	407	-	407	-	-	-	-	-
ADP contract support	925	825	-	-	-	-	-	-
Systems furniture	(232)	(232)	-	-	-	-	-	-
WITS conversion	(320)	(320)	-	-	-	-	-	-
Payments to GMA for centralized support serv..	6,399	1,838	-	705	142	2,724	-	990
Protection and Maintenance	1,172	-	-	-	1,172	-	-	-
Office of Small & Disadvantaged Business	717	-	-	-	-	717	-	-
Acquisition Policy Debarment List	590	-	-	-	-	590	-	-
Law Clerk Program	642	-	-	-	-	642	-	-
Realignment of programs between direct & reimb	(44,668)	-	-	-	-	(44,668)	-	-
Grant program	(12,984)	-	-	-	-	(12,984)	-	-
ADP systems implementation	683	-	-	-	-	-	-	683
Increased audits & investigations	379	-	-	-	-	-	-	379
Staff Relocations	250	-	-	-	-	-	-	250
TOTAL PROGRAM CHANGES	(42,355)	2,111	407	4,570	1,314	(52,979)	0	2,222

OTHER CHANGES	Total	OE, FSS	Transportation Audits	OE, IRMS	OE, FPRS	S&E, GMA	Former Presidents	Inspector General
PMS/PMRS Awards	345	-	-	345	-	-	-	-
FERS	146	-	-	146	-	-	-	-
Inflation	4,299	382	32	474	147	2,937	67	260
Net other changes	200	-	-	200	-	-	-	-
RENT Increase/Decrease	(237)	-	-	(255)	18	-	-	-
Part year and annualized cost of pay raise	9,631	2,106	38	1,288	247	4,521	89	1,342
Extra paid day	563	-	-	-	-	384	-	179
TOTAL OTHER CHANGES	14,967	2,488	70	2,218	412	7,842	156	1,781
TOTAL CHANGES	(27,388)	4,599	477	6,788	1,726	(45,137)	156	4,003
Expenses, Disposal	53							
Real Property Relocation	58							
Federal Buildings Fund	(25,220)							
	(52,497)							

GENERAL SERVICES ADMINISTRATION

Analysis of Changes in Average Positions - FY 1991 Over FY 1990 In Appropriation Accounts

PROGRAM CHANGES:	TOTAL	OE, FSS	Transportation Audits	OE, IRMS	OE, FPRS	S&E, GMA	IG
Decrease to offset a onetime increase in 90 FTE Ceiling	(5)	-	-	(5)	-	-	-
Increased audits & investigations	10	-	-	-	-	-	10
Office of Small & Disadvantaged Business	11	-	-	-	-	11	-
Acquisition Policy debarment list	2	-	-	-	-	2	-
Law Clerk Program	13	-	-	-	-	13	-
Realignment of programs between direct & reimb.	(766)	-	-	-	-	(766)	-
TOTAL PROGRAM CHANGES	(735)	0	0	(5)	0	(740)	10
OTHER CHANGES:							
TOTAL OTHER CHANGES	-	-	-	-	-	-	-
TOTAL CHANGES	(735)	0	0	(5)	0	(740)	10

GENERAL SERVICES ADMINISTRATION

Analysis of Changes in Average Positions - FY 1991 Over FY 1990 In Non-Appropriation Accounts

PROGRAM CHANGES:	TOTAL	FBF	A&R, FBF	A&R, FSS	GSF	A&R, IRMS	ITF	A&R, GMA	WCF
Decrease associated with FTS 2000...............	(90)	-	-	-	-	-	(90)	-	-
Transfer of Office of Small and Disadvantaged	0	-	-	-	-	-	-	-	-
Business to GM&A..............................	(11)	(11)	-	-	-	-	-	-	-
Realignment of programs between direct & reimb..	766	-	-	-	-	-	-	766	-
A-76 study.......................................	(1)	-	-	-	-	-	-	-	(1)
TOTAL PROGRAM CHANGES.................	664	(11)	0	0	0	0	(90)	766	(1)
OTHER CHANGES:									
TOTAL OTHER CHANGES..................	-	-	-	-	-	-	-	-	-
TOTAL CHANGES.........................	664	(11)	0	0	0	0	(90)	766	(1)

Net Decrease for Both Appropriation and Non-Appropriation Accounts: -71

General Services Administration
Statement of Budget Authority for 1989 and Estimates for 1990 and 1991
(In thousands of dollars)

	1989 Appropriations	1990 Program	1991 Estimates	Change from 1990
Federal Buildings Fund..............	-	25,220	-	-25,220
Operating Expenses, FSS.............	47,000	47,644	52,243	4,599
Expenses, Transportation Audits......	15,000	15,283	15,760	477
Operating Expenses, IRMS............	31,875	32,480	39,268	6,788
Operating Expenses, FPRS............	10,800	11,072	12,798	1,726
Expenses, Disposal..................	1,098	3,747	3,800	53
Real Property Relocation	4,000	7,942	8,000	58
Salaries & Expenses, GMA............	120,774	135,692	90,555	-45,137
Inspector General...................	25,000	26,136	30,139	4,003
Former Presidents...................	1,431	1,808	1,964	156
Expenses, Presidential Transition....	3,750 1/	-	-	-
Total*................	260,728	307,024	254,527	-52,497

* Excludes Consumer Information Center.

1/ $5,000,000 appropriated; $1,000,000 to the District of Columbia for Inaugural expenses and 250,000 to the Federal Election Commission.

GENERAL SERVICES ADMINISTRATION
Analysis of 1990 Appropriations
(In thousands of dollars)

	1990 Appropriation	Transfers and Reductions	Total 1990 Appropriation	FY 1991 Budget Estimates	Change from FY 1990
Federal Buildings Fund....................	25,220	-	25,220	-	-25,220
Operating Expenses, FSS..................	47,644	-	47,644	52,243	4,599
Expenses, Transportation Audits..........	15,500	-217	15,283	15,760	477
Operating Expenses, IRMS.................	32,480	-	32,480	39,268	6,788
Operating Expenses, FPRS.................	12,174	-1,102	11,072	12,798	1,726
Expenses, Disposal.......................	3,800	-53	3,747	3,800	53
Real Property Relocation.................	8,000	-58	7,942	8,000	58
Salaries & Expenses, GSA.................	137,449	-1,757	135,692	90,555	-45,137
Inspector General........................	26,500	-364	26,136	30,139	4,003
Former Presidents........................	1,823	-15	1,808	1,964	156
Total*...........................	310,590	-3,566	307,024	254,527	-52,497

* Excludes Consumer Information Center.

GENERAL SERVICES ADMINISTRATION
Source of Appropriations, FY 1989
(In thousands of dollars)

	1989 Appropriation	Reprogramming and Functional Transfers	Suppl. Appropriations	Grand Total
Federal Buildings Fund..................	-	-	-	-
Operating Expenses, FSS................	47,000	-	-	47,000
Expenses, Transportation Audits........	15,000	-	-	15,000
Operating Expenses, IRMS...............	31,875	-	-	31,875
Operating Expenses, FPRS...............	10,800	-	-	10,800
Expenses, Disposal.....................	1,098	-	-	1,098
Real Property Relocation...............	4,000	-	-	4,000
Salaries and Expenses, GMA...........	120,774	-	-	120,774
Inspector General......................	25,000	-	-	25,000
Former Presidents......................	1,431	-	-	1,431
Expenses, Presidential Transition.......	5,000	-1,250 1/	-	3,750
Total*..........................	261,978	-1,250	-	260,728

* Excludes Consumer Information Center.

1/ $1,000,000 to the District of Columbia for Inaugural expenses and $250,000 to the Federal Election Commission.

GENERAL SERVICES ADMINISTRATION
Summary of Budget Outlays
(In thousands of dollars)

	FY 1989	FY 1990	FY 1991
Federal Buildings Fund........................	-428,995	100,855	-40,000
Operating Expenses, FSS.......................	53,352	46,691	51,208
Transportation Audits.........................	9,508	15,287	15,760
General Supply Fund...........................	-88,548	-	-
Operating Expenses, IRMS......................	23,768	31,830	38,483
Information Technology Fund...................	-131,358	72,111	43,550
Operating Expenses, FPRS......................	10,085	10,885	12,512
Real Property Relocation......................	275	7,942	8,000
Expenses, Disposal............................	1,522	3,747	3,800
Salaries & Expenses, GMA......................	130,467	124,011	96,645
Inspector General.............................	24,901	25,613	29,543
Former Presidents.............................	1,217	1,772	1,927
Expenses, Presidential Trans..................	2,888	-	-
Working Capital Fund..........................	1,502	-	-
Unconditional Gifts...........................	-1	-	55
Total*	-389,417	440,744	261,483

* Excludes Consumer Information Center.

GENERAL SERVICES ADMINISTRATION
SUMMARY OF AVERAGE POSITIONS (WORKYEARS)

	1989	1990	1991	Increase or Decrease (-) for FY 1991 from 1990: Total Changes	Program Changes	Other Changes
Federal Buildings Fund	9,351	9,387	9,376	-11	-11	-
Operating Expenses, FSS	939	904	904	-	-	-
Advances & Reimbursements, FSS	24	27	27	-	-	-
Transportation Audits	15	14	14	-	-	-
General Supply Fund	3,596	3,697	3,697	-	-	-
Operating Expenses, IRMS	411	381	376	-5	-5	-
Advances & Reimbursements, IRMS	239	239	239	-	-	-
Information Technology Fund	1,592	1,725	1,635	-90	-90	-
Operating Expenses, FPRS	150	149	149	-	-	-
Salaries and Expenses, GMA	1,991	2,014	1,274	-740	-740	-
Advances & Reimbursements, GMA	251	270	1,036	766	766	-
Inspector General	421	425	435	10	10	-
Working Capital Fund	296	295	294	-1	-	-1
TOTAL *	19,276	19,527	19,456	-71	-70	-1

* Excludes Consumer Information Center: FY 1989, 19; FY 1990, 20; FY 1991, 20

GENERAL SERVICES ADMINISTRATION
SUMMARY OF FULL-TIME PERMANENT POSITIONS

	1989	1990	1991	Increase or Decrease (-) for FY 1991 from 1990: Total Changes	Program Changes	Other Changes
Federal Buildings Fund	8,906	8,934	8,923	-11	-11	-
Operating Expenses, FSS	942	906	906	-	-	-
Advances & Reimbursements, FSS	27	27	27	-	-	-
Transportation Audits	15	14	14	-	-	-
General Supply Fund	3,502	3,586	3,586	-	-	-
Operating Expenses, IRMS	431	360	394	34	34	-
Advances & Reimbursements, IRMS	241	242	242	-	-	-
Information Technology Fund	1,648	1,725	1,635	-90	-90	-
Operating Expenses, FPRS	149	149	149	-	-	-
Salaries and Expenses, GMA	1,941	1,944	1,204	-740	-740	-
Advances & Reimbursements, GMA	259	259	1,025	766	766	-
Inspector General	419	423	433	10	10	-
Working Capital Fund	293	286	286	-	-	-
TOTAL *	18,773	18,855	18,824	-31	-31	-

* Excludes Consumer Information Center: FY 1989, 19; FY 1990, 20; FY 1991, 20

GENERAL SERVICES ADMINISTRATION

Summary of Actual and Estimated
APPROPRIATIONS AND FUNDS
by Object Classification
for Fiscal Years 1989, 1990, and 1991
(in thousands of dollars)

		1989 Actual	% of Total Oblig	1990 Estimate	% of Total Oblig	1991 Estimate	% of Total Oblig	1991 Estimate Compared With 1989	1991 Estimate Compared With 1990
	Personnel compensation:								
11.1	Full-time permanent	614,514	8.7	664,193	8.0	698,648	7.8	84,134	34,455
11.3	Other than full-time permanent	14,204	0.2	15,645	0.2	15,978	0.2	1,774	333
11.5	Other personnel compensation	17,818	0.3	17,134	0.2	19,443	0.2	1,625	2,309
11.8	Special personal svcs payments	0	0.0	0	0.0	0	0.0	0	0
11.9	Total personnel compensation	646,536	9.1	696,972	8.4	734,069	8.2	87,533	37,097
12.1	Personnel benefits: Civilian	121,798	1.7	131,247	1.6	145,966	1.6	24,168	14,719
13.0	Benefits for former personnel	2,501	0.0	3,922	0.0	4,381	0.0	1,880	459
21.0	Travel/transportation of persons	15,304	0.2	21,442	0.3	21,610	0.2	6,306	168
	Motor pool travel	4,424	0.1	4,647	0.1	4,822	0.1	398	175
22.0	Transportation of things	69,119	1.0	72,951	0.9	63,065	0.7	(6,054)	(9,886)
23.1	Rental payments to GSA	62,381	0.9	68,112	0.8	72,915	0.8	10,534	4,803
23.2	Rental payments to others	1,176,247	16.6	1,327,336	16.0	1,534,300	17.1	358,053	206,964
23.3	Comm., util., & misc. charges	353,858	5.0	348,644	4.2	368,950	4.1	15,092	20,306
24.0	Printing and reproduction	19,213	0.3	20,240	0.2	21,052	0.2	1,839	812
25.0	Other services	2,296,875	32.5	2,981,115	36.0	3,398,261	37.9	1,101,386	417,146
26.0	Supplies and materials	1,924,811	27.2	2,010,054	24.3	2,021,962	22.6	97,151	11,908
31.0	Equipment	248,138	3.5	384,627	4.6	415,751	4.6	167,613	31,124
32.0	Lands and structures	26,250	0.4	60,026	0.7	43,862	0.5	17,612	(16,164)
33.0	Investments and loans	0	0.0	0	0.0	0	0.0	0	0
41.0	Grants, subsidies, & contributions	20,243	0.3	65,542	0.8	23,260	0.3	3,017	(42,282)
42.0	Insurance claims & indemnities	109	0.0	4	0.0	5	0.0	(104)	1
43.0	Interest and dividends	82,308	1.2	78,907	1.0	80,994	0.9	(1,314)	2,087
92.0	Undistributed	0	0.0	0	0.0	0	0.0	0	0
99.9	Total obligations	7,070,116	100.0	8,275,789	100.0	8,955,226	100.0	1,885,110	679,437

GENERAL SERVICES ADMINISTRATION
Summary of Actual and Estimated
GENERAL AND SPECIAL FUNDS (OPERATING APPROPRIATIONS)
by Object Classification
for Fiscal Years 1989, 1990, and 1991
(in thousands of dollars)

		1989 Actual	% of Total Oblig	1990 Estimate	% of Total Oblig	1991 Estimate	% of Total Oblig	1991 Estimate Compared With 1989	1991 Estimate Compared With 1990
	Personnel compensation:								
11.1	Full-time permanent	201,373	15.8	224,280	13.1	235,941	13.8	34,568	11,661
11.3	Other than full-time permanent	5,559	0.4	3,969	0.2	4,062	0.2	(1,497)	93
11.5	Other personnel compensation	6,504	0.5	7,161	0.4	9,428	0.6	2,924	2,267
11.8	Special personal svcs payments	0	0.0	0	0.0	0	0.0	0	0
11.9	Total personnel compensation	213,436	16.7	235,410	13.7	249,431	14.6	35,995	14,021
12.1	Personnel benefits: Civilian	35,802	2.8	40,666	2.4	44,997	2.6	9,195	4,331
13.0	Benefits for former personnel	921	0.1	2,116	0.1	2,255	0.1	1,334	139
21.0	Travel/transportation of persons	8,049	0.6	13,132	0.8	12,933	0.8	4,884	(199)
	Motor pool travel	650	0.1	662	0.0	700	0.0	50	38
22.0	Transportation of things	1,036	0.1	3,778	0.2	3,303	0.2	2,267	(475)
23.1	Rental payments to GSA	27,138	2.1	30,887	1.8	32,226	1.9	5,088	1,339
23.2	Rental payments to others	0	0.0	0	0.0	0	0.0	0	0
23.3	Comm., util., & misc. charges	17,764	1.4	24,762	1.4	26,105	1.5	8,341	1,343
24.0	Printing and reproduction	7,633	0.6	8,800	0.5	9,337	0.5	1,704	537
25.0	Other services	917,530	71.9	1,277,103	74.6	1,269,785	74.2	352,255	(7,318)
26.0	Supplies and materials	7,760	0.6	8,351	0.5	9,230	0.5	1,470	879
31.0	Equipment	33,931	2.7	41,612	2.4	43,348	2.5	9,417	1,736
32.0	Lands and structures	275	0.0	8,767	0.5	4,400	0.3	4,125	(4,367)
33.0	Investments and loans	0	0.0	0	0.0	0	0.0	0	0
41.0	Grants, subsidies, & contributions	1,500	0.1	12,841	0.7	0	0.0	(1,500)	(12,841)
42.0	Insurance claims & indemnities	36	0.0	0	0.0	0	0.0	(36)	0
43.0	Interest and dividends	3,384	0.3	3,338	0.2	3,448	0.2	64	110
92.0	Undistributed	0	0.0	0	0.0	0	0.0	0	0
99.9	Total obligations	1,276,845	100.0	1,712,225	100.0	1,711,498	100.0	434,653	(727)

TUESDAY, FEBRUARY 20, 1990.

PUBLIC BUILDINGS SERVICE

WITNESSES

WILLIAM C. COLEMAN, COMMISSIONER

WOLFGANG J. ZOELLNER, DEPUTY COMMISSIONER

JUNE V. HUBER, CONTROLLER

DAVID L. BIBB, ASSISTANT COMMISSIONER, OFFICE OF FACILITY PLANNING

Mr. ROYBAL. Mr. Coleman.

Mr. COLEMAN. Yes, sir.

Mr. ROYBAL. Proceed in any manner that you desire.

Mr. COLEMAN. I have a prepared statement I would like to enter into the record.

Mr. Chairman, Members of the subcommittee, it's a pleasure for me to appear before you today to discuss the fiscal year 1991 budget for the Public Buildings Service. The budget that we have submitted reflects the continuation of many of the initiatives that the Congress has previously endorsed.

Major emphasis will continue to be placed on providing a safe and healthy work environment for Federal employees; modernization of our inventory to protect the Federal Government's valuable assets and meet our tenants' technological needs; providing quality workspace at reduced utilization rates; consolidating major agencies' functions where it is cost effective to the government and results in greater efficiency; meeting the critical space requirements of the U.S. Courts; and continuing the United States/Mexico Border Station Facilities initiative.

We look forward to working with the subcommittee and its staff in making continued progress on these initiatives to improve Federal real property management.

I would now like to summarize our fiscal year 1991 budget request.

We are requesting $3.8 billion in new obligational authority for the Federal Buildings Fund.

Our capital budget request is for $1,156.7 million, a 19 percent increase above approved fiscal year 1990 levels. This includes $271.0 million for new construction, primarily devoted to constructing additional space and facilities for the U.S. Courts.

We are requesting funding for five new courthouses and two courthouse annexes. Additionally, we are proposing the construction of special purpose space for the United States Geological Survey in Menlo Park, California.

The largest portion of our fiscal year 1991 capital budget is devoted to the Repairs and Alterations activity, a request of $572.7

GENERAL SERVICES ADMINISTRATION
Summary of Actual and Estimated
REVOLVING, (PUBLIC ENTERPRISE & INTRAGOVERNMENTAL), MANAGEMENT, AND TRUST FUNDS
by Object Classification
for Fiscal Years 1989, 1990, and 1991
(in thousands of dollars)

		1989 Actual	% of Total Oblig	1990 Estimate	% of Total Oblig	1991 Estimate	% of Total Oblig	1991 Estimate Compared With 1989	1991 Estimate Compared With 1990
	Personnel compensation:								
11.1	Full-time permanent	413,141	7.1	439,913	6.7	462,707	6.4	49,566	22,794
11.3	Other than full-time permanent	8,645	0.1	11,676	0.2	11,916	0.2	3,271	240
11.5	Other personnel compensation	11,314	0.2	9,973	0.2	10,015	0.1	(1,299)	42
11.8	Special personal svcs payments	0	0.0	0	0.0	0	0.0	0	0
11.9	Total personnel compensation	433,100	7.5	461,562	7.0	484,638	6.7	51,538	23,076
12.1	Personnel benefits: Civilian	85,996	1.5	90,581	1.4	100,969	1.4	14,973	10,388
13.0	Benefits for former personnel	1,580	0.0	1,806	0.0	2,126	0.0	546	320
21.0	Travel/transportation of persons	7,255	0.1	8,310	0.1	8,677	0.1	1,422	367
	Motor pool travel	3,774	0.1	3,985	0.1	4,122	0.1	348	137
22.0	Transportation of things	68,083	1.2	69,173	1.1	59,762	0.8	(8,321)	(9,411)
23.1	Rental payments to GSA	35,243	0.6	37,225	0.6	40,689	0.6	5,446	3,464
23.2	Rental payments to others	1,176,247	20.3	1,327,336	20.2	1,534,300	21.2	358,053	206,964
23.3	Comm., util., & misc. charges	336,094	5.8	323,882	4.9	342,845	4.7	6,751	18,963
24.0	Printing and reproduction	11,580	0.2	11,440	0.2	11,715	0.2	135	275
25.0	Other services	1,379,345	23.8	1,704,012	26.0	2,128,476	29.4	749,131	424,464
26.0	Supplies and materials	1,917,051	33.1	2,001,703	30.5	2,012,732	27.8	95,681	11,029
31.0	Equipment	214,207	3.7	343,015	5.2	372,403	5.1	158,196	29,388
32.0	Lands and structures	25,975	0.4	51,259	0.8	39,462	0.5	13,487	(11,797)
33.0	Investments and loans	0	0.0	0	0.0	0	0.0	0	0
41.0	Grants, subsidies, & contributions	18,743	0.3	52,701	0.8	23,260	0.3	4,517	(29,441)
42.0	Insurance claims & indemnities	73	0.0	4	0.0	5	0.0	(68)	1
43.0	Interest and dividends	78,924	1.4	75,669	1.2	77,546	1.1	(1,378)	1,877
92.0	Undistributed	0	0.0	0	0.0	0	0.0	0	0
99.9	Total obligations	5,793,270	100.0	6,563,563	100.0	7,243,727	100.0	1,450,457	680,164

GENERAL ACCOUNTING OFFICE
OPEN REPORTS

GAO/AFMD, February 4, 1988
GSA #GA001/AFMD-88-2

Recommendations. Repair and alteration projects are not recorded consistently.

The National Electronic Accounting and Reporting System should account for all lease obligations.

Comments. These recommendations are due by March 1990 and September 1990, respectively.

GAO/AFMD-83-60, June 20, 1983
(GSA #25-3033-K)
Contracting for Computer Teleprocessing Services Can be Improved

Recommendation. To reduce the cost of teleprocessing services, we recommend that agency heads seek to replace sole source contracts through competitive procurements in all possible cases.

Steps 5 and 6 - to begin DBMS conversion and achieve full operations (terminate sole source contract).

Comments. Due to the termination of STRIDE on 7/15/88, the sole source contract was extended for another 5 years.

According to IRMS and PBS, conversion of the sole source contract to a competitive procurement will be accomplished after PBS completes the replacement system for STRIDE This completion is not anticipated for another 2 to 3 years.

GENERAL SERVICES ADMINISTRATION

FY 1989 DETAIL OF FEDERAL EMPLOYEES

FROM	TO	GRADE	LENGTH OF DETAIL	REASON
Controller's Office, IRMS (XX)	OMB	GS-15	1 year	Provide support on special projects
Real Property Development, PBS (PQ)	NASA	ES-04	16 months	Development of NASA Automated Information Program Management Reporting System
Office of Procurement, PBS (PP)	Exec. Office of the President	GM-15	4 months	Provide support during resolution of the thrift crisis
Ethics & Civil Rights (AK)	M.L. King Comm.	GS-12	Indefinitely	Provide support on special projects
Administrator's Office (A)	State of Wash.	ES-06	4 years	Participate in IPA Program
Reg'l Administrator's Office (WA)	White House	GS-14	Indefinitely	Provide support on a special project
Reg'l Administrator's Office (WA)	White House	GS-13	Indefinitely	Provide support on a special project
Bldgs. Mgt., PBS, NCR (WPO)	HHS	GS-14	1 year	Assist in recruiting volunteer interns
Reg'l Administrator's Office, NCR (WA)	OMB	GS-15	2 years	Provide management analysis assistance to the Office of Privatization
Real Estate & Development, NCR (WQ)	Pres. Comm. on Executive Exch.	GM-15	4 months	Chief of Staff, Deputy Director; responsible for day-to-day operations
Acquisition Mgt. Staff, NCR (WADQ)	DOD	GM-13	2 months	Investigate procurement irregularities
Bldgs. Mgt., PBS, NCR (WPO)	DOD	GS-9	2 months	Investigate procurement irregularities
Business Service Center (4A)	DOD	GM-13	1 1/2 years	Coordinate special projects
Reg'l Administrator's Office (8A)	Regis College	GM-14	2 years	Federal program consultant

ADVISORY AND ASSISTANCE SERVICES

The following amounts reflect estimates for the General Services Administration for management and professional services encompassing appointment of experts/consultants and contracted advisory and assistance services.

FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate
$248,340	$1,712,000	$897,000

OFFICE OF ACQUISITION POLICY

REPORT TO CONGRESS
ON
THE GSA METRIC PROGRAM

BACKGROUND:

Section 5164 of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418) designates the metric system of measurement as the preferred system of weights and measures for United States trade and commerce. It requires that "...each Federal agency, by a date certain and to the extent economically feasible by the end of fiscal year 1992, use the metric system of measurement in its procurements, grants, and other business-related activities..."

The law also requires each agency to establish implementing guidelines as soon as possible and to report annually to Congress on actions taken and planned to be taken to implement fully the metric system in accordance with the law. This is the first such report to Congress by GSA.

ACTIONS TAKEN

A GSA Metric Steering Group was established to formulate metric policy for the approval of the Associate Administrator for Acquisition Policy. The GSA Services and selected staff offices are represented on the Steering Group.

The Associate Administrator for Acquisition policy was designated to represent GSA on the Interagency Committee on Metric Policy (ICMP), which is chaired by the Department of Commerce.

Representatives of GSA were designated to participate on the ICMP's Metrication Operating Committee (MOC) and on eight of the eleven subcommittees established by the MOC.

Proposed guidelines in the form of GSA Order ADM 8000.1A were drafted to implement the law, and coordinated throughout the agency.

Although not required by law or regulation, GSA elected to publish the proposed GSA Order in the Federal Register of October 12, 1989, for public comment (54 Fed. Reg. 41874). This was deemed adviseable because of the ultimate impact on the public of GSA's conversion to the metric system, particularly on suppliers. Over 60 letters were received from the academic community, industry, and private citizens, all strongly supporting GSA's metrication efforts.

A GSA Metric Transition Plan was drafted, which describes a comprehensive and integrated program to comply with the law and GSA Order ADM 8000.1A. The plan discusses GSA's overall strategy for metrication, defines general requirements and procedures for transition efforts, and assigns tasks to be accomplished by designated elements of GSA. The tasks address such subjects as:

- Management of GSA's transition to metric.
- Education and training of personnel in metric usage.
- Conversion of specifications and standards to metric.
- Conversion to metric in construction contracting.
- Use of metric in the electronics industry.
- Assisting small business in using metric.
- Informing the public of GSA's metrication efforts.

ACTIONS PLANNED

Continue participation on the ICMP, MOC, and the MOC subcommittees.

Finalize and issue GSA Order ADM 8000.1A.

Approve the GSA Metric Transition Plan.

Add, revise, or complete tasks in the plan as GSA progresses with metric transition in coordination with other agencies and the private sector.

million. This amount will allow us to proceed with the non-prospectus level work necessary for basic repairs to our buildings and preparation of space for new tenants, and will also fund 30 prospectus level projects, including $10.2 million for two Southwest border station projects.

Additionally, we are requesting $176.4 million in the Design and Construction Services activity for the design of 21 prospectus level Repairs and Alterations projects that will be constructed in future years.

In accordance with the Public Buildings Amendments of 1988 (P.L. 100-678), we have raised the line item project threshold to $1.5 million.

In fiscal year 1991 we are requesting $136.6 million for Installment Acquisition Payments. This activity has historically funded the financing of Purchase Contracts authorized by the Public Buildings Amendments of 1972. Commencing in fiscal year 1991, it also includes lease purchase arrangements currently authorized by Congress.

Our request for the Real Property Operations activity, $1,037.2 million, includes funding of $15.3 million for operation, maintenance and protection of new space entering the inventory and $27.4 million for buildings restored to the Federal Buildings Fund budget which were formerly delegated to agencies under earlier "pilot" agreements.

The fiscal year 1991 Rental of Space request of $1,534.3 million provides for the continued growth of the leased inventory and projected increases in commercial rental rates. The greatest increase in this program for fiscal year 1991, $115.8 million, provides for escalations associated with our existing inventory of leases.

The Program Direction request of $90.8 million includes increases of $17.8 million for payments to General Management and Administration for centralized support services, and $6.9 million for costs related to the continued operation and maintenance of the existing PBS Information System and the cost of continuing development of a new PBS Information System.

I feel that this is a sound budget that effectively uses all of the resources available to the Public Buildings Service to continue progress on our major initiatives.

Mr. Chairman, this concludes my statement on our fiscal year 1991 request. I will be pleased to answer any questions from the subcommittee.

[The information follows:]

STATEMENT BY WILLIAM C. COLEMAN
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT
TUESDAY, FEBRUARY 20, 1990

Mr. Chairman, Members of the Subcommittee, it is a pleasure for me to appear before you today to discuss the fiscal year 1991 budget for the Public Buildings Service.

The budget that we have submitted reflects the continuation of many of the initiatives that the Congress has previously endorsed. Major emphasis will continue to be placed on providing a safe and healthy work environment for Federal employees; modernization of our inventory to protect the Federal Government's valuable assets and meet our tenants' technological needs; providing quality workspace at reduced utilization rates; consolidating major agencies' functions where it is cost effective to the government and results in greater efficiency; meeting the critical space requirements of the U. S. Courts; and continuing the United States/Mexico Border Station Facilities initiative.

We look forward to working with the subcommittee and its staff in making continued progress on these initiatives to improve Federal real property management.

I would now like to summarize our fiscal year 1991 budget request.

We are requesting $3.8 billion in new obligational authority for the Federal Buildings Fund.

Our capital budget request is for $1,156.7 million, a 19% increase above approved fiscal year 1990 levels. This includes $271.0 million for new construction, primarily devoted to constructing additional space and facilities for the U.S. Courts. We are requesting funding for five new Courthouses and two Courthouse Annexes. Additionally, we are proposing the construction of special purpose space for the United States Geological Survey in Menlo Park, California.

The largest portion of our fiscal year 1991 capital budget is devoted to the Repairs and Alterations activity, a request of $572.7 million. This amount will allow us to proceed with the non-prospectus level work necessary for basic repairs to our buildings and preparation of space for new tenants; and will also fund 30 prospectus level projects, including $10.2 million for 2 Southwest border station projects. Additionally, we are requesting $176.4 million in the Design and Construction Services activity for the design of 21 prospectus level Repairs and Alterations projects that will be constructed in future years.

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FUNDING MECHANISMS

Mr. Roybal. Mr. Coleman, I would like to go into the financing of federal buildings—to provide for the record an analysis of the different funding mechanisms that are available for the construction of buildings, and the impact that these different mechanisms have on the Federal budget.

Mr. Coleman. In the fiscal year 1991 budget, we have requested authorization for the construction of five new courthouses, two courthouse annexes, and special purpose space for the U.S. Geological Survey.

The second mechanism is the least cost proposal that we have pending before the Congress at this time. Additionally, the Congress has specifically approved lease purchase projects and in prior years, we have requested authority for the purchase of existing buildings.

COURTHOUSES AND ANNEXES

Mr. Roybal. You testified that the largest portion of the fiscal year 1991 capital budget request is devoted to the repairs and alterations activity, and you have also told us the amounts that are needed for construction. You are requesting funding for five new courthouses and two courthouse annexes.

Where are these five courthouses going to be?

Ms. Huber. The new courthouses that we requested money for in our 1991 budget, Mr. Chairman, will be in Kansas City, Kansas; Prince Georges County, Maryland; Minneapolis, Minnesota; White Plains, New York; and Alexandria, Virginia.

The two courthouse annexes will be in Sacramento, California and Portland, Oregon.

Mr. Roybal. Sure, but I want to know how much will it be costing, what is the specific cost for the final——

Ms. Huber. The construction cost for the five new courthouses is $183 million, which is reflected in our 1991 budget.

Mr. Roybal. One hundred eighty-three million dollars for the five of them?

Ms. Huber. Yes.

Mr. Coleman. And the two annexes.

Ms. Huber. An additional $39 million for two annexes, for a total of $222 million for construction costs in the 1991 budget.

Mr. Roybal. And that is included in this budget?

Ms. Huber. Yes, sir.

BUILDING DELEGATIONS

Mr. Roybal. You also stated that $27.4 million for buildings restored to the Federal Buildings Fund budget were formerly delegated to agencies under earlier pilot agreements. What is a pilot agreement?

Mr. Zoellner. We had five buildings some eight years ago that were identified under a pilot program to delegate operation and maintenance authority to the agencies housed in those buildings.

That program was successful; therefore it was expanded so that virtually all single tenant buildings are now operated and maintained by the resident agency. GSA continues to have ownership and major repair and alteration responsibility.

In those earlier pilots, the agencies were permitted to budget directly for the funds that were necessary to operate and maintain those facilities.

The buildings that are being brought back into the Federal Buildings Fund are the last of the pilot delegations. We are requesting that the funding for these buildings be reflected in GSA's budget.

Mr. ROYBAL. In other words, we are assuming a new responsibility; is that correct?

Mr. ZOELLNER. Yes, insofar as we are requesting that the funding for these two delegations be reflected in GSA's budget as opposed to the occupant agency's budget.

Ms. HUBER. By reflecting, in GSA's budget request, these last two delegations, we will once again be funding for the total of GSA's inventory.

CONSTRUCTION VERSUS LEASE

Mr. ROYBAL. I suppose that the real purpose of constructing buildings is to get into buildings that are owned by the Federal Government, and not have to lease from someone else.

Mr. COLEMAN. That is our goal. We are looking for somewhere between 75 and 80 percent government owned.

Mr. ROYBAL. All right.

Now, is your new construction program adequate to achieve the long-term goal of reducing the overall percentage of leased space?

Mr. COLEMAN. The construction that we are proposing in the current budget, as well as the construction in the least cost financing proposal?

Mr. ROYBAL. Yes, as well as your future plans.

Mr. COLEMAN. For the foreseeable future, yes, sir.

Mr. ROYBAL. But in order to get out of leased space, you have to build additional buildings?

Mr. COLEMAN. Yes, sir.

Mr. ROYBAL. There was a time when you built a building on a lease purchase plan. I understand that you are no longer doing that.

Mr. COLEMAN. Lease with an option to buy?

Mr. ROYBAL. Well, lease purchase plan, the way I understood it, was that a building would be constructed, the Federal Government would lease it, and then after a period of 20 years have the option to buy or get out.

Mr. COLEMAN. Yes, sir. We would prefer to do that when we can. However, the Inspector General has raised concerns that if we lease with an option to buy, are we paying market rent or are we paying excessive rent at the conclusion of the rental period.

Mr. ROYBAL. But you are not doing that as a matter of policy any more?

Mr. COLEMAN. No, sir.

Mr. ZOELLNER. A little history. I think maybe the chairman is referring back to the old purchase contract program which we had in the seventies. That program was for a specific number of projects, and a specific amount of time. Currently, we are just making interest and principal payments on that program. The only other lease purchase projects as such, are those that the Congress has specifically authorized in legislation.

Now, the least cost financing package that the Administrator talked about earlier, if approved by the Congress, will give us $2.5 billion worth of construction authority, which will go a long way towards changing the ratio between leased space and government owned. Even though it is called least cost financing, it is a form of lease purchase.

In the real world we refer to it as lease purchase, not least cost financing.

Mr. **William B. Early**. The problem is that the authority that we had for the purchase contract program has expired. The only way we can exercise that program is either on an individual project basis, as we have through this committee over the last few years, or through legislation that has been discussed this morning, one or the other. Without that, we cannot move into a mortgage type arrangement.

Mr. **Coleman**. That is the least cost financing program.

Mr. **Roybal**. As far as I know, there are only two.

Mr. **Coleman**. Miami might be one.

Mr. **William B. Early**. We have had about eight over the last two to three years that we may enter into.

Mr. **Roybal**. Oh, you may enter into it, but you haven't entered into it yet?

Mr. **William B. Early**. There are a number that have been authorized on a project by project basis over the last couple of years and are really beginning to get moving. We have looked at the total requirements for the Federal Buildings Fund, and are trying to improve the ratio of leased space to government-ownership.

FBF FINANCING

Mr. **Roybal**. All right. Now, the Federal Buildings Fund is financed by Rent?

Mr. **William B. Early**. Yes sir.

Mr. **Roybal**. Now, when you construct building you pay from that fund, isn't that correct?

Mr. **William B. Early**. Yes sir.

Mr. **Coleman**. To the extent of available funds.

Mr. **Roybal**. Well, if you run out of those funds, how do you build a building if there is——

Mr. **William B. Early**. Well, we look at two things. We have looked at the revenue to be generated from rent as well as the balance from prior years. That is the amount of resources that we have available for construction of buildings and to provide for normal operating expenses. For the previous mortgage arrangements it would also pay for those incremental payments over time.

We have looked at our requirements and have found them to be greater than our annual availability for up front payments under the construction and acquisition program. We have requested approximately $270 million for direct construction this year. But overall, of the $3 billion requirement, most of it will have to be done through a least cost financing arrangement. And when we enter into that, there are two important things, financially, that we look at.

One is that the private sector would raise the funds, and therefore GSA would not have to make that up front payment as in direct federal construction.

At the same time, we have to do a financial analysis to make sure that the cash flow into the Fund can carry the incremental annual payments. The analysis on the projects that we are presenting, indicates that we can make those payments from projected revenues of the Federal Buildings Fund.

Mr. COLEMAN. As well as funding the necessary repairs and alterations projects.

Mr. ROYBAL. Well, what I was driving at was repair and alterations. If you use all that money for new buildings and you don't have enough——

Mr. FONTAINE. There has got to be some balance.

Mr. ROYBAL. Well, but is there some balance?

Mr. COLEMAN. Yes sir, we believe that funds will be available. Like I said, our inventory is so old that we have to devote a great deal of the funds to bring the buildings up to current standards.

Mr. ROYBAL. Mr. Coleman, when you say with the funds that are available, it kind of indicates to me that you don't have enough funds available.

Mr. WILLIAM B. EARLY. The budget that you have before you today does not reflect those payments.

Mr. DILUCHIO. As a matter of fact, when you look at the rental of space account and the expansion space requests on the part of the agencies, the percentage of government owned to lease space is declining somewhat from where we are now. It may drop one percent with the budget you have before you.

So, in order to turn this decline around, there needs to be some financing mechanism beyond that of paying for these buildings in full up front, out of the proceeds of the Federal Buildings Fund.

Mr. ROYBAL. Is this budget we have before us now the original request to OMB? More or less?

Mr. FONTAINE. Certainly.

Mr. COLEMAN. The projects may not be exactly the same, but the total budget is about the same. We are proposing several courthouses and there is very little funding left for other new construction projects. You have to meet those first, and then there is very little left to build general purpose office buildings to house executive agencies.

Mr. ROYBAL. Well, if you continue to build court houses, you will not be able to build buildings to house federal employees.

Mr. COLEMAN. Yes sir.

Mr. ROYBAL. We can't do both, I don't think, or can you?

Mr. COLEMAN. If we get the funds to do it.

Mr. ROYBAL. Of course, but you are not going to be getting their funds.

Mr. WILLIAM B. EARLY. That is the reason we are looking at the financing arrangement. When we spend revenues for a new construction program, and by having to pay the full cost immediately, we have to defer some maintenance, or not get into ownership as fast as we would like to. Only by being able to make payments over time from Fund revenues are we able to leverage our assets to get from leased to owned buildings.

In the repairs and alterations program we have gone from $200 to $500 million by using our existing revenue so that we can fix up the space that we have. This has left a smaller amount of money that we can use for projects leading to government ownership, and that is the reason we are looking at a least cost or mortgage type arrangement. It would permit us to obtain Government ownership without having to pay cash up front.

LEAST COST FINANCING

Mr. ROYBAL. But your projections for the future, does that include then the federal buildings?

Mr. WILLIAM B. EARLY. A least cost financing program indicates that we would obtain about a billion and a half dollars worth of new buildings that we would pay for over time, and the revenues of the fund are projected such that we would be able to carry and pay for those mortgage payments.

Mr. COLEMAN. It is almost unlimited as to what we could do to meet the demand if we were capable of following that route.

Mr. FONTAINE. These are big leases we are talking about—EPA, Navy and Crystal City. These are mostly in this area.

Mr. ROYBAL. And they are coming up within the year?

Mr. FONTAINE. Yes. They are this close now.

Mr. WILLIAM B. EARLY. The cash flow analysis generally shows that there is going to be a cash requirement in the first three to five years. After that, we will be getting savings from leases that have been vacated, and after about ten years, there should be a benefit to the Fund of generating some money to help pay for maintenance and required repairs.

Mr. ROYBAL. Well, I don't want to see a situation where the government employee is not being housed properly simply because we want to house something else. Do you get what I mean?

Mr. COLEMAN. Yes sir. One of the solutions would be if Congress would allow some of these agencies to move out to other parts of the country instead of remaining in Washington, with its higher cost of maintenance and construction.

Mr. FONTAINE. We are not going to spend all of our money on judges and executive agencies. There has got to be some balance. And every time Congress creates more judges, we have a problem.

Mr. ROYBAL. There has to be some balance, but I don't think it should be an equal balance.

Mr. DILUCHIO. When you talk about court systems, it is not only the judges, it is the auxiliary kind of agencies that go with them. The whole court related system. So when you talk about other government agencies, they will be housed in these spaces, too.

Mr. ROYBAL. Yes, but the federal employees and federal staff are also a problem. But what I am saying is that I don't think that one should be set aside for the other.

Ms. Huber. Mr. Chairman, that is not our intention either. The proportion of the construction and acquisition activity devoted to new courthouses is much higher than the average year.

Mr. Zoellner. The other item, Mr. Chairman, when we are talking about the $500 million for repair and alterations, that is about at the level we want to be at. So everything aside, we are budgeting approximately for the amount of money that we really want to use in any given year for repairs and alterations.

So we haven't shortchanged ourselves on that end to assist in other programs, such as the court house program.

Mr. Coleman. That money is going for the health and safety and welfare for the tenants in the buildings.

Mr. Roybal. Mr. Skeen.

DRUG AMENDMENT CUTS

Mr. Skeen. Thank you, Mr. Chairman.

What was the effect of the cuts in our account due to the drug amendment, and was it reflected in the reduction in service to your tenants?

Mr. Coleman. I don't think so, sir. That was pretty well spread out through all the services of GSA. Mr. Austin could better address that issue.

Mr. Fontaine. The Federal Buildings Fund was not affected since it is not appropriated.

Mr. Skeen. So you didn't have, not on the Federal Building Fund?

Mr. Fontaine. No, no. We were talking about appropriations.

Mr. Skeen. Okay. But that wasn't appropriations.

Mr. Fontaine. No, sir.

FTS 2000

Mr. Skeen. In this FTS 2000 and their contractors, do they have an unfair advantage of being able to bid both as prime contractors and as required subcontractors to the mandatory TSE services?

Mr. Fontaine. That is part of another service.

COURTHOUSE STANDARDS

Mr. Skeen. We were talking about these court houses and so forth. We had this controversy in the Tacoma situation and the rest, and what we are talking about are we providing better service for agency employees and so forth, and then situations we get into in the court houses, has there been any resolution of the Tacoma situation?

What I am worrying about is that we are getting into—and the Chairman alluded to it—the judges are controlling exactly what the heck goes into these court houses, and when are we going to put a stop to that and tell them to get out of the architecture business and get back to the judging business?

Mr. Coleman. As a recent judge said to us, we may cease to confuse themselves with the——

Mr. Skeen. You can't split a rainbow into all its parts unless you have a prism.

Mr. Coleman. We have changed the standards for court houses, and we met with them on numerous occasions and established a very clear understanding of what is reimbursable to us and what is not. The Administrative Office of the U.S. Courts has admitted that the judges usually get what they want.

Mr. **Skeen**. We have annoyed?

Mr. **Coleman**. Yes sir. And as long as they are paying us for that, and they get budgeted for it, then I think we are duty bound to provide it.

Mr. **Skeen**. Well, are they getting budgeted for it?

Mr. **Coleman**. I don't know, sir. That comes before you, and that is up to you, I am sure.

Mr. **Skeen**. I get the impression we have not.

Mr. **Roybal**. Yes.

Mr. **Skeen**. We have a little problem with this thing, because it is apparent—and I am not upset with the judges about it—I understand their situation, and the security and all the other things, but then when they get into the nuances of architecture and they want it done their way, or we have to preserve an old monumental court house someplace, and who is funding all of this renovation and all the rest of it, and it is very expensive kind of work.

Mr. **Coleman**. We wouldn't mind that so much if they had a sign-off on it and would stay with it. It is the time and money.

Mr. **Skeen**. I can imagine.

Thank you, Mr. Chairman. That is all I have.

Mr. **Roybal**. On that same line of questioning, couldn't GSA put a stop to the change? Once agreed to, shouldn't that just be it?

Mr. **Coleman**. It is very difficult to draw that line, Mr. Chairman, because what is a legitimate change and what is not? Those things are very difficult to determine. And I would think that there is some method of discipline, and they are working on it, and they are working with us to try and arrive at that.

Mr. **Roybal**. But there have been times when the chandeliers, for example, have been put up and they don't like it, so they get one that costs five times more. I don't think that is a legitimate change.

Mr. **Coleman**. We will put it up and they will pay us for it.

Mr. **Roybal**. But they haven't paid for it?

Mr. **DiLuchio**. Mr. Chairman, I think the area that you are talking about is one of the biggest problems that we operate in, and what we have recently reflected upon, and what we found out, is that the standard finishes that we deliver for the court systems are not articulated well enough to remove this gray area. We have a major project, as the Commissioner has indicated now to deliver them usable space, and that may result in quarter inch veneer paneling on the wall. And if somebody wanted solid cherry wood, that would be up to the court system to provide the funding.

Now, the pressure that is exerted on us is when the court system or the court's appropriation process committee does not provide for the funding of that, the pressure is exerted on GSA in terms of we wouldn't occupy the building, the building doesn't function properly, and things of that nature.

I think within the next few months we are going to make a giant step towards the objective that you are talking about.

Mr. **Roybal**. Good. All right.

Mr. DiLucchio. As far as Tacoma is concerned, we have resolved those issues.

Mr. Skeen. They are great poker players when it comes to these buildings, but then they——

Mr. Coleman. They have got the chips to call us.

Mr. Skeen. I understand that. They call the tune for everybody that is an occupant in these buildings, and I understand maybe that the whole thrust—excuse me, Mr. Chairman.

Mr. Roybal. Go right ahead.

Mr. Skeen. The whole thrust of the building and its occupancy and so forth is that it is dominated by the court system, despite the fact that you want other agencies in there. If the court wants something, you move agencies out, or you renovate, take over space, and so forth, and even clear them out of the parking spaces.

Mr. Coleman. We have resisted that.

Mr. Skeen. We resist them, too. If you want to borrow a desk, you have to go talk to someone else. Not that I mind, but it is just that there is a total domination over there, and they are putting up some of the funds, but it is a judgmental base. If they want something in addition, they don't mind asking for it.

Mr. William B. Early. Mr. Skeen, as you know, the Courts have introduced some legislation that has the same authority that we have, and I just don't see how that works when we share a building where half of it is for them and half of it is federal tenants. You just can't have two people running the building.

Mr. Roybal. Is the way it is going to work is that they are going to take the building over?

Mr. William B. Early. They don't intend to take over the responsibility for the housing for people other than themselves.

Mr. Roybal. You will have the responsibility of maintaining the building perhaps, but they will have all that building for the courts. They want to do that in Los Angeles. They want to do it anyplace else, and I think that we have to do something, to be reasonable, use a reasonable approach, and construct those buildings the way they were originally intended, and not make last minute changes, because it is so very costly, regardless of who pays for it. Simply because they will pay for it doesn't mean we are going to give them the most luxurious building in the world.

You know, they are dealing with monies coming from the taxpayers, and it seems to me that we should look at this thing very realistically and forget that every court has to be a ceremonial court. You could have perhaps one ceremonial court, but then the other courts where they do some work.

Mr. Fontaine. A working court.

Mr. Roybal. So I think these are things that, to me at least, make a lot of sense and we should be using that money wisely, not to give them everything they want simply because they want to pay for it.

Mr. Coleman. Mr. Chairman, in all due respect to that concern, in a recent conversation with a recently deceased judge, his indications were that in the particular district in which he resided there were eight court houses and he would gladly give six of them back to us, and they would gladly operate in two. A particular congressman had requested that they be built in various locations. So that might have contributed to some of the problems, too.

Mr. **ROYBAL**. Have those five courts here been requested by certain Congressmen?

Mr. **FONTAINE**. No, by the courts.

Mr. **ROYBAL**. So we don't have that situation here.

Mr. **COLEMAN**. No sir, we do not.

Mr. **ROYBAL**. But there have been instances? It seems to me that that Congressman should be taught by GSA that there are things that cannot be done or should not be done.

Mr. **SKEEN**. Mr. Chairman, if they want to give them back, but then they want them restored to historical standards, which is fine. Let me—may I, Mr. Chairman?

Mr. **ROYBAL**. Please proceed.

SAFETY SYSTEMS

Mr. **SKEEN**. Also, we are getting into this business, and not to beat up on the judges, I can understand some of their problems, particularly in the maintenance areas and new requirements. For instance, I know that GSA has gone through this process of updating the fire systems and so forth and putting water systems in where they have got records, and they are meeting with the judges, who are concerned about putting sprinkler systems in where you have got——

Mr. **COLEMAN**. Mr. Walker can address that.

Mr. **WALKER**. We meet with the judges on all these. Our regulations, safety and health people meet with the judges when we are installing fire safety sprinkler systems, and there are several different ways, you know. We solve the problem. There is a new type sprinkler system that only sprays when heat is present. In other words, it is not the old type sprinkler system when the heat starts them, they just keep going until you turn the water off. There are some new type sprinkler systems out that provide just enough water to solve a particular fire in a particular location.

Mr. **SKEEN**. Have they brought up this topic of loss of records because of the fire system?

Mr. **COLEMAN**. Not to any of us.

Mr. **WALKER**. I don't know of any, no sir.

Mr. **SKEEN**. I will be happy——

Mr. **WALKER**. The most problem we had with the judges in dealing with fire safety systems—Foley Court House in New York is a good example—is where they don't like them because they think it affects the architectural significance of the building. It is not that they are worried as much about the water damaging something.

Mr. **SKEEN**. Well, the complaints that we have gotten—and I will be happy to take that up—I would like to make a date with you, because we still have problems with elevators—not in my district, but in Albuquerque—we still have an elevator that won't work.

Mr. **WALKER**. But even in one like Foley, we have been able to work it out with the judges.

Mr. **Skeen**. There problem was primarily destruction of records, and if it is engineered better, then I have no problem.

Mr. **Walker**. We provided safety systems in places like the records facilities, and a lot of these systems have worked lately with limited fires without destroying records.

Mr. **Skeen**. So it is a discretionary system of some sort?

Mr. **Walker**. I don't know personally. We can check. I don't know personally of any particular problem like that that the courts have brought up.

Mr. **Skeen**. Well, I will be glad to visit with you.

Mr. **Coleman**. Mr. Chairman.

Mr. **Roybal**. Mr. Coleman, I would like to thank you and your colleagues for your testimony. We will include the justifications in the record at this point.

[The justifications follow:]

GENERAL SERVICES ADMINISTRATION, FEDERAL BUILDINGS FUND

PUBLIC BUILDINGS SERVICE PROGRAM SUMMARY

FY 1989-1991

	FY 1989	FY 1990	FY 1991	CHANGE FY 1990-FY 1991
NEW OBLIGATIONAL AUTHORITY ($000)				
Construction and Acquisition	131,820	138,843	271,004	132,161
Repairs and Alterations	516,463	558,692	572,710	14,018
Design and Construction Services	133,636	146,302	176,403	30,101
Installment Acquisition Payments	121,500	126,752	136,579	9,827
Subtotal, Capital Programs	903,419	970,589	1,156,696	186,107
Rental of Space	1,193,645	1,327,336	1,534,300	206,964
Real Property Operations	882,000	948,000	1,037,200	89,200
Program Direction	49,000	68,020	90,781	22,761
Subtotal, Operating Programs	2,124,645	2,343,356	2,662,281	318,925
Total, New Obligational Authority	3,028,064	3,313,945	3,818,977	505,032
Reimbursable Authority	384,899	443,312	431,488	-11,824
EMPLOYMENT SUMMARY:				
Direct	8,864	8,878	8,867	-11
Reimbursable	487	509	509	0
Total	9,351	9,387	9,376	-11

SCHEDULE OF UNOBLIGATED AVAILABLE BALANCES

FY 1989 - FY 1991

(Dollars in Thousands)

	FY 1989 Actual	FY 1990 Program	FY 1991 Request
Available from prior year for reauthorization.......	271,107	399,713	342,537
Redemption of Purchase Contract Debt................	-9,381	-10,758	-12,260
Reprogramming Authority.............................	---	---	---
Appropriation.......................................	---	25,220	---
RENT income...	3,042,469	3,203,552	3,455,203
Miscellaneous Income................................	3,769	1,000	1,000
Outleasing Income...................................	6,856	3,969	6,900
Reduction pursuant to P.L. 99-177...................	---	-69	---
SSA Payments..	31,734	33,855	35,258
Total Resources Available...........................	3,346,554	3,656,482	3,828,638
New Obligational Authority (-) (Detail below).......	3,028,064	3,313,945	3,818,977
Unobligated Balance of Annual Accounts (+)..........	29,601		
Prior Year Recoveries (+)...........................	51,622		
Balance Available for Reauthorization...............	399,713	342,537	9,661
Construction/Acquisition of Facilities.........	131,820	138,843	271,004
Repairs and Alterations........................	516,463	558,692	572,710
Design and Construction Services...............	133,636	146,302	176,403
Installment Acquisition Payments...............	121,500	126,752	136,579
Rental of Space................................	1,193,645	1,327,336	1,534,300
Real Property Operations.......................	882,000	948,000	1,037,200
Program Direction..............................	49,000	68,020	90,781
Total New Obligational Authority...............	3,028,064	3,313,945	3,818,977

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1991

(Dollars in Thousands)

	OBLIGATIONS						INCREASE OR DECREASE (-) FOR 1991					
	FY 1989		FY 1990		FY 1991		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WY's	Actual	WY's	Program	WY's	Request	WY's	Amount	WY's	Amount	WY's	Amount
1. Construction and Acquisition of Facilities		194,948		218,056		380,005		161,949		161,949		
2. Repairs and Alterations		423,223		640,960		797,614		156,654		156,654		
3. Design and Construction Svcs.	578	111,808	587	200,229	587	201,812	0	1,583	0	523		1,060
4. Installment Acquisition Pmts		120,893		126,752		136,579		9,827		5,500		4,327
5. Rental of Space		1,176,247		1,327,336		1,534,300		206,964		91,161		115,803
6. Real Property Operations												
a) Cleaning	1,541	148,963	1,652	167,268	1,652	179,985	0	12,717	0	4,909	0	7,808
b) Util/Fuel		160,229		178,455		186,993		8,538		2,649		5,889
c) Maintenance	2,085	127,109	1,826	133,924	1,826	142,255	0	8,331	0	1,868	0	6,463
d) Other Bldg Serv	1,648	104,336	1,503	103,307	1,503	111,788	0	8,481	0	3,106	0	5,375
e) Fire & Lifesafety	103	10,661	103	12,179	103	13,768	0	1,589	0	801	0	788
f) Protection	1,144	52,254	1,303	61,496	1,303	66,340	0	4,844	0	1,045	0	3,799
g) Other Staff Supp	1,364	68,856	1,503	77,541	1,492	81,717	-11	4,176	-11	335	0	3,841
h) Delegated Bldgs		184,296		202,130		239,484		37,354		30,684		6,670
i) ADP Support		15,463		11,700		14,870		3,170		2,784		386
Subtotal, Real Property Operations	7,885	872,167	7,890	948,000	7,879	1,037,200	-11	89,200	-11	48,181	0	41,019
7. Program Direction												
a) Overall Direction	401	22,872	401	29,542	401	26,208	0	-3,334	0	-5,000	0	1,666
b) Centralized Serv.		17,525		18,828		37,973		19,145		17,777		1,368
c) ADP Support		6,840		19,650		26,600		6,950		6,950		
Subtotal, Program Direction	401	47,237	401	68,020	401	90,781	0	22,761	0	19,727	0	3,034
Total Direct	8,864	2,946,523	8,878	3,529,353	8,867	4,178,291	-11	648,938	-11	483,695	0	165,243
Permanent Positions												
Direct	8,502		8,528		8,517		-11		-11			
Reimbursable	404		406		406		0		0			
Total	8,906		8,934		8,923		-11		-11			

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO FY 1991

(Dollars in Thousands)

PROGRAM CHANGES:	Construction (Activity 1)	R & A (Activity 2)	D&C Services (Activity 3)		Installment Acquisition (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
Increases:												
First time part-year principal and interest payment on Chicago Federal Building	-	-	-	-	5,500	-	-	-	-	-	-	5,500
Agency expansions including space for R&A projects in FY 1991 and the annualization of expansion in FY 1990.	-	-	-	-	-	114,590	-	-	-	-	-	114,590
Provision of building services in newly acquired space	-	-	-	-	-	-	-	15,343	-	-	-	15,343
Trash disposal costs in DC	-	-	-	-	-	-	-	2,993	-	-	-	2,993
Restoration of funding for the operation and maintenance of the CIA complex and Agriculture Hqtr	-	-	-	-	-	-	-	27,378	-	-	-	27,378
Increased requirements for technical services	-	-	-	-	-	-	-	2,346	-	-	-	2,346
Change in one-time equipment purchases, systems development and maintenance, and fire and lifesafety surveys	-	-	-	-	-	-	-	2,800	-	-	-	2,800
Changes in moving program requirements	-	-	-	-	-	-	-	1,995	-	-	-	1,995
Net increase in obligations for Design and Construction Services	-	-	-	523	-	-	-	-	-	-	-	523
Increased ADP Support (PBS/IS replacement)	-	-	-	-	-	-	-	-	-	6,950	-	6,950

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO FY 1991

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	D&C Services (Activity 3)		Installment Acquisition (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
PROGRAM CHANGES (Cont):	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
Payments to General Management and Administration for Centralized Support Services	-	-	-	-	-	-	-	-	-	17,777	-	17,777
Net increase in obligations for Repairs & Alterations projects	-	156,654	-	-	-	-	-	-	-	-	-	156,654
Net increase in obligations for construction projects and acquisition of facilities	161,949	-	-	-	-	-	-	-	-	-	-	161,949
Subtotal, Program Increases	161,949	156,654	0	523	5,500	114,500	0	52,855	0	24,727	0	516,798
Decreases:												
Decreases for part-year savings on lease cancellations in FY 1991 and annualization of lease savings in FY 1990	-	-	-	-	-	-23,429	-	-	-	-	-	-23,429
Decreases for RENT appraisal contracts in FY 1990	-	-	-	-	-	-	-	-	-	-5,000		-5,000
Program savings/cost avoidances to be achieved through productivity improvements	-	-	-	-	-	-	-	-1,150	-	-	-	-1,150
One-time program changes and operational modifications within the Delegation Program	-	-	-	-	-	-	-	-596	-	-	-	-596
Net decrease resulting from energy conservation efforts	-	-	-	-	-	-	-	-1,835	-	-	-	-1,835

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO FY 1991

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	D&C Services (Activity 3)		Installment Acquisition (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
PROGRAM CHANGES (Cont):	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
Decrease associated with Office Of Small and Disadvantaged Business being funded from GM&A	-	-	-	-	-	-	-11	-627	-	-	-11	-627
Decrease associated with the release of GSA-operated space	-	-	-	-	-	-	-	-466	-	-	-	-466
Subtotal, Program Decreases	0	0	0	0	0	-23,429	-11	-4,674	0	-5,000	-11	-33,103
TOTAL PROGRAM CHANGES	161,949	156,654	0	523	5,500	91,161	-11	48,181	0	19,727	-11	483,695
OTHER CHANGES:												
Increases:												
Change in principal payments	-	-	-	-	5,105	-	-	-	-	-	-	5,105
Revised State/Local tax rate	-	-	-	-	2,524	-	-	-	-	-	-	2,524
Increase for part-year cost of rental rate increases in FY 1991 and the annualization of rental rate increases in FY 1990	-	-	-	-	-	115,803	-	-	-	-		115,803
Inflationary increases for supplies, materials and service contracts	-	-	-	-	-	-	-	16,728	-	-	-	16,728
Utility rate and fuel cost escalations	-	-	-	-	-	-	-	8,827	-	-	-	8,827
Pay for selected job categories and positions within selected geographic locations	-	-	-	-	-	-	-	1,795	-	-	-	1,795

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO FY 1991

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	O&C Services (Activity 3)		Installment Acquisition (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
OTHER CHANGES (Cont):	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
Increase to fund the FY 1990 Pay Act	-	-	-	968	-	-	-	8,660	-	718	-	10,346
Increase to fund the FY 1991 Pay Act	-	-	-	-	-	-	-	4,280	-	528	-	4,808
Increase for costs associated w/ Federal Employees Retirement System	-	-	-	92	-	-	-	729	-	77	-	898
Inflationary increases for postage & fees, telecommunication, printing & reproduction, ADP supplies & materials, contractual services and other supplies & materials	-	-	-	-	-	-	-	-	-	856	-	856
Inflationary increases for payments associated with accident compensation and unemployment compensation	-	-	-	-	-	-	-	-	-	855	-	855
Subtotal, Other Increases	0	0	0	1,060	7,629	115,803	0	41,019	0	3,034	0	168,545
Decreases:												
Reduced interest payment schedules	-	-	-	-	-3,302	-	-	-	-	-	-	-3,302
TOTAL OTHER CHANGES:	0	0	0	1,060	4,327	115,803	0	41,019	0	3,034	0	165,243
TOTAL CHANGES (Program and Other)	161,949	156,654	0	1,583	9,827	206,964	-11	89,200	0	22,761	-11	648,938

Summary of New Obligational Authority
FY 1990 - 1991

Net increase of $505,032,000 from the FY 1990 obligational authority.

-- Net increase of $132,161,000 in new obligational authority in the Construction and Acquisition of Facilities activity. The program consists of seven new facilities primarily for the U.S. Courts, new office-laboratory buildings to replace existing commercially leased space and temporary Federal structures for the U.S. Geological Survey in Menlo Park, CA, additional funding for two prior year projects due to increased construction and site acquisition costs, funding for small projects not subject to prospectus approval, and funding for payment of a claim against a construction project.

-- Net increase of $14,018,000 in new obligational authority in the Repairs and Alterations activity which provides funding for health and safety improvements, preparing vacant space for occupancy, accomplishing basic repair work, and providing space for the U.S. Courts.

-- Net increase of $30,101,000 in new obligational authority in the Design and Construction Services activity. Increases consist of $6,967,000 for design and management/inspection of Repair and Alterations Line Item projects; $2,034,000 for technical services which includes $475,000 for the Pennsylvania Avenue Development Corporation (PADC); $765,000 in support of the non-line item repair and alterations program; and $20,335,000 for design and management/inspection of new construction projects.

-- Net increase of $9,827,000 in the Installment Acquisition Payments activity. Increase consists of principal and interest payments ($5,500,000) for the Federal Building to be constructed under an installment purchase agreement in Chicago, Illinois; increases in principal payments and state and local taxes ($7,629,000), and a decrease in interest payments ($3,302,000) on the Purchase Contract program.

-- Net increase of $206,964,000 in new obligational authority for the Rental of Space activity. This provides for cost of expansion space acquired in FY 1990 ($46,346,000); for expansion space to be acquired in FY 1991 ($68,244,000); and for rental rate increases ($115,803,000). These increases are offset by a decrease for space released in FY 1990 and FY 1991 ($23,429,000).

-- Net increase of $89,200,000 in new obligational authority in the Real Property Operations activity. Increases provide $15,343,000 for increased workload in GSA-controlled space; $2,993,000 associated with trash removal costs; $2,800,000 for one-time equipment purchases, system maintenance and development, and fire and lifesafety surveys; $1,995,000 for increased moving requirements; $2,346,000 for technical services requirements; $27,378,000 to restore funding associated with the Department of Agriculture Headquarters and the Central Intelligence Agency complex pilot delegation agreements; $8,827,000 for utility rate and fuel cost escalations; $16,728,000 for increased cost of supplies,

Summary of New Obligational Authority (Cont'd)
FY 1990 - 1991

materials, and service contracts; $729,000 for costs associated with the Federal Employees' Retirement System (FERS); and $14,735,000 for pay increases, including special job categories in selected locations and Wageboard and Classified Pay Act increases in FY 1990 and FY 1991. These increases are partially offset by decreases of $596,000 for operation of delegated buildings; $466,000 due to discontinuance of operations and services; $1,835,000 as a result of energy conservation efforts; $1,150,000 for productivity improvements; and $627,000 and 11 FTE workyears associated with the transfer of funding for the Office of Small and Disadvantaged Business Utilization.

-- Net increase of $22,761,000 in new obligational authority for the Program Direction activity. Increases consist of $17,777,000 for payments to General Management and Administration for centralized support services; $6,950,000 for ADP support, $855,000 for payments associated with Accident and Unemployment Compensation; $856,000 for increased costs due to inflation; $77,000 for costs associated with the Federal Employees' Retirement System (FERS); and $1,246,000 to fund the civilian pay raise for FY 1990 and FY 1991. These increases are partially offset by a decrease of $5,000,000 in the cost of contractual services to establish commercially equivalent Rent rates.

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

(Direct and Reimbursable)

11.9 Personnel Compensation - $358,868,000 for 9,376 workyears.

12.1 Personnel Benefits - $70,972,000 - Includes $20,177,000 for direct contribution to the retirement fund; $21,816,000 for costs associated with the Federal Employees' Retirement System; $14,218,000 for health benefits; $614,000 for group insurance; $4,647,000 for FICA; and $9,500,000 for the payment to the Department of Labor for the Employees' Accident Compensation Fund.

13.0 Benefits for Former Personnel - $1,566,000 for severance pay and unemployment compensation costs.

21.0 Travel and Transportation of Persons - $10,006,000 - Includes $6,006,000 for the Direct Program; $476,000 for all aspects of the Real Property Reimbursable Program; and $3,524,000 for motor pool services.

22.0 Transportation of Things - $3,720,000 for transportation for movement of household goods, and supplies and materials related to Public Buildings Service programs and projects.

23.2 Rent Payments to Others - $1,534,300,000 - Includes $1,495,662,000 for the rental of office or other space from commercial sources and $38,638,000 for payment to the U.S. Postal Service for space occupied in USPS buildings by Federal agencies for which GSA is responsible for providing space.

23.3 Communications, Utilities, and Miscellaneous Charges - $305,686,000 - Includes $240,262,000 for utility services for Government-owned and leased buildings; $5,350,000 for telephone and teletype services; $1,300,000 for postage and fees; and $58,774,000 for overtime building operations and other similar reimbursable services not subject to RENT.

24.0 Printing and Reproduction - $5,473,000 for printing of administrative and program material such as blueprints, invitations to bid, drawings and utilization surveys, space layouts and tenant alterations.

25.0 Other Services - $2,022,313,000 - Includes $1,958,508,000 for payment to both commercial contractors for architect-engineering services, construction, building operations and protection, and other Government agencies for health services, training, security investigations and other miscellaneous expenses; $41,470,000 for automatic data processing requirements; and $22,335,000 for centralized overhead expenses.

26.0 Supplies and Materials - $140,857,000 for office supplies and for operating supplies for the Real Property program.

31.0 Equipment - $15,805,000 for purchase of administrative equipment and operating equipment necessary to maintain and operate real property.

32.0 Lands and Structures - $39,462,000 - Includes $3,759,000 for the purchase of buildings and sites and $35,703,000 for payment of principal under the Purchase Contract and Installment Purchase programs.

41.0 Grants, Subsidies, and Contributions - $23,205,000 for payment of taxes and assessments relating to the Purchase Contract program.

43.0 Interest and Dividends - $77,546,000 - for payment of interest for Purchase Contract projects as follows: $67,830,000 for the First, Second, Third, Fourth, Fifth, Sixth and Seventh indentures of dual system projects; $4,437,000 for the 19 package projects; and $5,279,000 for one Installment (Lease) Purchase project.

SUMMARY OF NEW OBLIGATIONAL AUTHORITY REQUESTED IN FY 1991
FOR ALL PROSPECTUS-LEVEL CAPITAL PROJECTS
BY SOURCE OF FUNDING
(DOLLARS IN THOUSANDS)

CATEGORY/PROJECT	CONSTRUCTION/ACQUISITION			REPAIRS AND ALTERATIONS	DESIGN AND CONSTRUCTION SERVICES			TOTAL FY 1991 REQUEST
	SITE	CONSTR	TOTAL	(CONSTRUCTION)	DESIGN	MGMT/INSP	TOTAL	
FY 1991 DIRECT CONSTRUCTION PROGRAM:								
Wilkes-Barre, PA, SSA Data Operations Center		11,905	11,905		0	0	0	11,905
Camden, NJ, PO-CT Annex Escalation	514	8,389	8,903		63	770	833	9,736
Sacramento, CA, John E. Moss FB-CT Extension		5,801	5,801		0	500	500	6,301
Kansas City, KS, Courthouse		29,475	29,475		0	2,116	2,116	31,591
Alexandria, VA, Courthouse		58,202	58,202		0	3,010	3,010	61,212
Prince George's County, MD, Courthouse		21,883	21,883		0	1,640	1,640	23,523
Menlo Park, CA, USGS Office-Laboratory Buildings		22,000	22,000		1,660	1,739	3,399	25,399
Portland, OR, Courthouse Annex		33,320	33,320		2,347	2,363	4,710	38,030
White Plains, NY, Courthouse	3,245	23,105	26,350		1,662	1,756	3,418	29,768
Minneapolis, MN, Courthouse		47,710	47,710		3,106	2,653	5,759	53,469
Charlotte Amalie, USVI, Courthouse Annex					478	0	478	478
Total Direct Construction	3,759	261,790	265,549		9,316	16,547	25,863	291,412
R&A PROJECTS SCHEDULED FOR DESIGN IN FY 1991:								
Buffalo, NY, Michael J. Dillon FB/CT					457		457	457
Washington, DC, State Department					2,216		2,216	2,216
Worcester, MA, Harold D. Donahue FB/CT					811		811	811
Galveston, TX, Post Office/Courthouse					342		342	342
Los Angeles, CA, Federal Building, 300 No LA					2,251		2,251	2,251
Louisville, KY, FB (M. L. King, Jr. Plaza)					1,223		1,223	1,223
Santa Rosa, CA, Federal Building					178		178	178
New York, NY, Bowling Green Customhouse					1,225		1,225	1,225
San Antonio, TX, Federal Building					443		443	443
Pasadena, CA, Court of Appeals & Federal Building					618		618	618
Washington, DC, Agriculture Administration					643		643	643
Hartford, CT, William R. Cotter Federal Building					380		380	380
Salt Lake City, UT, Post Office/Courthouse					460		460	460
Billings, MT, Federal Building					319		319	319
Albuquerque, NM, Dennis Chavez Federal Building					388		388	388
Sacramento, CA, Federal Building, 801 I Street					841		841	841
Salt Lake City, UT, Wallace F. Bennett FB					341		341	341
Washington, DC, Frances Perkins DOL Building					710		710	710
Baltimore, MD, Customhouse					982		982	982
Knoxville, TN, Post Office/Courthouse					564		564	564
Arlington, VA Pentagon Complex					12,000		12,000	12,000
R & A Design Program Total					27,392		27,392	27,392

SUMMARY OF NEW OBLIGATIONAL AUTHORITY REQUESTED IN FY 1991
FOR ALL PROSPECTUS-LEVEL CAPITAL PROJECTS
BY SOURCE OF FUNDING
(DOLLARS IN THOUSANDS)

CATEGORY/PROJECT	REPAIRS AND ALTERATIONS	DESIGN AND CONSTRUCTION SERVICES			TOTAL FY 1991 REQUEST
	(CONSTRUCTION)	DESIGN	MGMT/INSP	TOTAL	
R&A PROJECTS SCHEDULED FOR CONSTRUCTION IN FY 1991:					
Ysleta, TX, New Station	9,044	0	0	0	9,044
Calexico, CA, New Station	1,174	0	0	0	1,174
Philadelphia, PA, Customhouse	20,166	0	1,529	1,529	21,695
Oklahoma City, OK, Post Office/Courthouse	11,242	0	939	939	12,181
Washington, DC, Veterans Administration	26,000	0	1,600	1,600	27,600
Chicago, IL, Everett McKinley Dirksen Building-Ph 2	37,700	0	2,473	2,473	40,173
Atlanta, GA, Richard B. Russell FB/CT	3,544	0	310	310	3,854
New York, NY, Bowling Green Customhouse	4,727	0	400	400	5,127
San Diego, CA, Federal Building/Courthouse	7,836	0	666	666	8,502
Washington, DC Area - Elevators	16,500	0	1,384	1,384	17,884
Chicago, IL, Customhouse-Ph 2	10,260	0	837	837	11,097
Nashville,TN, Estes Kefauver FB/CT Annex	4,616	0	392	392	5,008
New York, NY, Jacob K. Javits Federal Building	13,721	0	1,092	1,092	14,813
Pittsburgh, PA, Post Office/Courthouse	2,700	0	230	230	2,930
Sacramento, CA, John E. Moss Federal Building-Courthouse	10,990	0	916	916	11,906
Newark, NJ, Peter W. Rodino, Jr., Federal Building	3,755	0	327	327	4,082
Lakewood, CO, Denver Federal Center, Building 56	8,584	0	728	728	9,312
Chicago, IL, Federal Building, 536 Clark-Ph 2	6,248	0	524	524	6,772
Washington, DC, Hubert H. Humphrey Federal Building	7,300	0	500	500	7,800
Arlington, VA, Pentagon	35,500	0	2,325	2,325	37,825
Spokane, WA, Federal Building/Post Office	5,071	0	440	440	5,511
Portsmouth, VA, Federal Building	1,700	0	167	167	1,867
Seattle, WA, Federal Office Building, 909 First Street	17,932	0	1,445	1,445	19,377
Dallas, TX, Terminal Annex Federal Building	4,307	0	382	382	4,689
Rochester, NY, Kenneth B. Keating Federal Building	1,994	0	187	187	2,181
Indianapolis, IN, Federal Building/Courthouse	3,908	0	341	341	4,249
San Francisco, CA, Appraisers Building	3,958	0	354	354	4,312
San Francisco, CA, Customhouse	9,508	0	800	800	10,308
Saint Paul, MN, Warren E. Burger FB/CT	7,633	0	627	627	8,260
Brooklyn, NY, Celler Federal Building/Courthouse-Ph 2	3,915	0	339	339	4,254
Total R & A Line Item Construction Program	301,533	0	22,254	22,254	323,787

SELECTED WORKLOAD DATA

	FY 1989 Actual	FY 1990 Program	FY 1991 Request	% of Change 1990 vs 1991
1. Construction				
a. New Starts (Direct Federal Funding)	10	14	17	21%
b. Obligations ($ Millions)	194.9	218.1	380.0	74%
c. Under Construction	35	49	66	35%
2. Repairs and Alterations				
a. Square Footage Under GSA Responsibility (Mil Sq Ft)	238.0	241.8	245.4	1%
b. Total Obligations ($ Millions)	423.2	641.0	797.6	24%
Obligations - Line Items	205.8	424.6	527.5	24%
Obligations - Minor	217.4	216.4	270.1	25%
c. New Starts - Line Items	64	45	30	-33%
3. Design and Construction Services				
a. New Design Starts (Number of Projects)	48	39	32	-18%
R&A Line Items	39	35	25	-29%
New Construction	9	4	7	75%
b. Total Projects Under Design	99	94	69	-27%
R&A Line Items	86	80	56	-30%
New Construction	13	14	13	-7%
4. Installment Acquisition Payments				
a. Number of Projects	62	62	63	2%
b. Total Payments ($ Thousands)	120,893	126,752	136,579	8%
5. Rental of Space				
a. Total Number of Leases	5,244	5,451	5,705	5%
b. Total Space in Inventory (Mil Sq Ft)	238.0	241.8	245.4	1%
Government-Owned	141.2	141.2	140.1	-1%
Leased	96.8	100.6	105.3	5%
c. Workstations (Thousands)	995.5	1,004.5	1,014.5	1%
d. Total Obligations ($ Millions)	1,176.2	1,327.3	1,534.3	16%
6. Real Property Operations (incl delegated wkld)				
a. Average Occupiable Square Feet (000)				
Cleaning	189.8	196.6	200.1	2%
Utilities and Fuel	224.2	231.3	236.4	2%
Maintenance	185.7	192.7	196.1	2%
Other Building Services	255.0	260.3	262.5	1%
Protection	266.9	271.6	271.6	0%
b. Unit Cost Per Square Foot				
Cleaning	1.08	1.17	1.27	9%
Utilities and Fuel	1.00	1.13	1.21	7%
Maintenance	0.92	0.90	0.98	9%
Other Building Services	0.48	0.45	0.48	7%
Protection	0.20	0.24	0.26	8%

ALLOCATIONS TO OTHER AGENCIES UNDER THE BUILDING DELEGATIONS PROGRAM

(Dollars in Thousands)

Agency	FY 1989 Actual			FY 1990 Program			FY 1991 Request		
	Rent	Repairs and Alterations	Real Property Operations	Rent	Repairs and Alterations	Real Property Operations	Rent	Repairs and Alterations	Real Property Operations
Department of Agriculture		74	1,572		69	1,675		1,041	15,468
Department of the Army		5	66		15	157		17	162
Admin. Office of the U.S. Courts		147	1,233		131	1,580		142	1,632
Agency for International Development			20			29			30
Central Intelligence Agency								581	13,992
Department of Commerce	34,865	316	12,524	35,977	871	13,764	41,433	958	13,955
Department of Defense	47,456	8,119	44,545	62,207	5,930	45,208	92,902	2,704	49,578
Department of Energy		794	11,237		1,024	12,000		1,104	12,505
Environmental Protection Agency	13,202		1,117	13,426		1,315	13,976		1,359
Equal Employ. Opportunity Commission			18			19			20
Federal Energy Regulatory Commission						661			683
Federal Trade Commission		91	1,185		97	1,295		104	1,362
Depart. of Health and Human Services		4,271	35,077		3,738	36,367		3,038	37,686
Depart. of Housing and Urban Develop.					414	4,907		447	5,189
Department of Interior		830	10,459		904	11,251		975	11,701
Department of Justice		1,336	14,057		1,198	14,569		1,304	14,257
Department of Labor		506	5,640		621	6,012		670	6,329
Library of Congress			344			359			371
Nuclear Regulatory Commission			1,637		61	1,772		100	1,830
Office of Personnel Management		351	3,208		304	3,503		327	3,659
Railroad Retirement Board		144	1,463		122	1,500		132	1,550
Small Business Administration			502			715			752
Department of State		970	6,644		1,041	7,118		1,122	7,623
Department of Transportation		158	4,047		122	4,775		131	4,949
Department of Treasury	419	1,111	26,925	58	2,265	28,891		2,197	30,019
United States Information Agency			100			97			100
Veterans Administration		618	2,363		216	2,591		233	2,723
Total	95,942	19,841	185,983	111,668	19,143	202,130	148,311	17,327	239,484

GENERAL SERVICES ADMINISTRATION

REAL PROPERTY ACTIVITIES

Federal Buildings Fund

LIMITATIONS ON AVAILABILITY OF REVENUE

[For additional expenses necessary to carry out the purposes of]√the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), [$25,220,000 to be deposited into said fund. The revenues and collections deposited into said fund] shall be available for necessary expenses of real property management and related activities not otherwise provided for, including operation, maintenance, and protection of federally owned and leased buildings; rental of buildings in the District of Columbia; restoration of leased premises; moving Governmental agencies (including space adjustments√) in connection with the assignment, allocation and transfer of space; contractual services incident to cleaning or servicing buildings and moving; repair and alteration of federally owned buildings, including grounds, approaches and appurtenances; care and safeguarding of sites; maintenance, preservation, demolition, and equipment; acquisition of buildings and sites by purchase, condemnation, or as otherwise authorized by law; conversion and extension of federally owned buildings; preliminary planning and design of projects by contract or otherwise; construction of new buildings (including equipment for such buildings); and payment of principal, interest, taxes, and any other obligations for public buildings acquired by√ purchase contract, in the aggregate amount of [$3,328,345,320]√, of which (1) not to exceed [$138,843,000]√ shall remain available until expended for construction of additional projects at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

The revenues and collections deposited into

and telecommunications relocation expenses

installment purchase and

$3,818,977,000

$271,004,000

New Construction:

[Alaska:
    Skagway, Border Station, $4,110,000
Iowa:
    Ames, a grant to establish a midwest Supercomputer Access Center at Iowa State University, $5,000,000
California:
    Long Beach, Grant to County of Los Angeles, additional deck to a parking facility, $3,000,000
Colorado:
    Boulder, NOAA, $31,814,000
Kansas:
    Kansas City, Federal Building, Courthouse, Site, $200,000
Maryland:
    Prince George's County Federal Courthouse, Site and Design, $4,700,000
Massachusetts:
    Boston, Federal Building, Claim, $2,930,000]

[Woods Hole, a grant for the development of the Marine
Biomedical Institute for Advanced Studies, $2,000,000
Northampton, a grant for a science center at Smith College,
$1,500,000
Maryland:
Baltimore, a grant for planning and design of the Christopher
Columbus Center on Marine Research and Exploration, $1,500,000
Minnesota:
International Falls, Border Station, $1,472,000
New Jersey:
Paterson, Federal Building, $1,200,000
Nebraska:
Lincoln, a grant for expansion of the Eppley Institute for
Research in Cancer and Allied Diseases, $5,000,000
New Mexico:
Alamogordo, Grant to the New Mexico State University,
Primate Research Institute, Site and Facilities, to be
constructed on a site leased from the United States Air Force
at Holloman Air Force Base, $5,000,000
North Carolina:
Asheville, Federal Building, site and design, $4,000,000
Oregon:
Astoria, Grant to the City of Astoria for reconstruction
(including parking/roadwork) of the first United States Custom
House west of the Rockies, $90,000
Pennsylvania:
Philadelphia, Veterans Administration, $54,000,000
Virgin Islands:
St. Croix, Federal Building, Courthouse, $8,827,000
Construction Projects, less than $1,500,000, $2,000,000
Other selected purchases including options to purchase,
$500,000]√:

California:
Sacramento, John E. Moss Federal Building and U.S. Courthouse,
Extension, $5,801,000
Menlo Park, Laboratory Building A, $22,000,000
Illinois:
Chicago, John C. Kluczynski Federal Building, Claim,
$455,000
Kansas:
Kansas City, Federal Building and U.S. Courthouse, $29,475,000
Maryland:
Prince George's County, U.S. Courthouse, $21,883,000
Minnesota:
Minneapolis, Federal Building and U.S. Courthouse Annex,
$47,710,000
New Jersey:
Camden, Post Office and Courthouse Annex, Escalation,
$8,903,000
New York:
White Plains, U.S. Courthouse, $26,350,000
Oregon:
Portland, U.S. Courthouse Annex, $33,320,000
Pennsylvania:
Wilkes Barre, Social Security Administration Data Operations
Center, Escalation, $11,905,000
Virginia:
Alexandria, U.S. Courthouse, $58,202,000
Non Prospectus Construction Projects, $5,000,000

Provided, That each of the immediately foregoing limits of costs on
new construction projects may be exceeded to the extent that savings
are effected in other such projects, but by not to exceed 10 per
centum: Provided further, That all funds for direct construction 1992
projects shall expire on September 30, [1991]√, and remain in the
Federal Buildings Fund except funds for projects as to which funds for
design or other funds have been obligated in whole or in part prior to
such date: Provided further, That claims against the Government of
less than $100,000 arising from direct construction projects,
acquisitions of buildings and purchase contract projects pursuant to
Public Law 92-313, be liquidated with prior notification to the
Committees on Appropriations of the House and Senate to the extent
savings are effected in other such projects; (2) not to exceed $572,710,000
$558,692,320]√ which shall remain available until expended, for
repairs and alterations: Provided further, That funds in the Federal
Buildings Fund for Repairs and Alterations shall, for prospectus
projects, be limited to the amount by project as follows, except each
project may be increased by an amount not to exceed 10 per centum notice thereof is given to
unless advance [approval is obtained from]√ the Committees on
Appropriations of the House and Senate for a greater amount:
Repairs and Alterations:

[Alabama:
Mobile, Federal Building, $1,582,000
Alaska:
Juneau, Federal Building, Courthouse, Post Office, $12,258,000
California:
Los Angeles, Federal Building, Post Office, 11000 Wilshire Blvd., $7,700,000
Los Angeles, Courthouse, 312 Spring Street, $5,302,000
San Francisco, Federal Building, Courthouse, 450 Golden Gate Avenue, $55,851,000
Colorado:
Denver, Byron G. Rogers Federal Building, Courthouse $8,614,000
Lakewood, Denver Federal Center, Building 810, $7,841,000
District of Columbia:
General Services Administration Headquarters, $19,000,000
J. Edgar Hoover Federal Building, $9,800,000
Housing and Urban Development, $9,500,000
Old Executive Office Building, $18,000,000
Florida:
St. Petersburg, Federal Building, $3,637,000
Georgia:
Macon, Federal Building, Courthouse, $1,765,000
Illinois:
Chicago, Customhouse, $9,596,000
Chicago, Everett M. Dirksen Federal Building, Courthouse, $2,833,000
Chicago, Federal Building, 536 S. Clark Street, $35,328,000
Danville, Federal Building, Courthouse, $2,627,000
Massachusetts:
Boston, John F. Kennedy Federal Building, $9,700,000
Michigan:
Detroit, Federal Building, Courthouse, $2,580,000
Minnesota:
Fort Snelling, Bishop Henry Whipple Federal Building, $4,728,000
Missouri:
Overland, Adjutant General Personnel Center, $1,940,000
Overland, Federal Records Center, $7,691,000
New Mexico:
Santa Fe, Federal Building, Cathedral Place at Palace, $2,130,000
New York:
Brooklyn, Emanuel Celler Federal Building, Cadman Plaza, $5,100,000
Pennsylvania:
Philadelphia, James A. Byrne Courthouse, $7,801,000
Philadelphia, William J. Greene, Jr., Federal Building, $6,774,000
Philadelphia, Robert N.C. Nix, Sr., Federal Building, $19,268,000
Pittsburgh, William S. Moorhead Federal Building, $7,850,000]√

California:
Calexico, New Border Station, $1,174,000
Sacramento, John E. Moss Federal Building U.S. Courthouse, $10,990,000
San Diego, Federal Building and U.S. Courthouse, $7,836,000
San Francisco, Appraisers Building, $3,958,000
San Francisco, Customhouse, $9,508,000
Colorado:
Lakewood, Denver Federal Center, Building 56, $8,584,000
District of Columbia:
Washington, DC Area Elevators, $16,500,000
Hubert H. Humphrey Federal Building, $7,300,000
Veterans Administration Building, $25,000,000
Georgia:
Atlanta, Richard B. Russell Federal Building and United States Courthouse, $3,544,000
Illinois:
Chicago, Customhouse (phase 2), $10,260,000
Chicago, Everett McKinley Dirksen Building (phase 2), $37,700,000
Chicago, Federal Building, 536 S. Clark Street (phase 2), $6,248,000
Indiana:
Indianapolis, Federal Building and Courthouse, $3,908,000
Minnesota:
Saint Paul, Warren E. Burger Federal Building and United States Courthouse, $7,633,000
New Jersey:
Newark, Peter W. Rodino, Jr. Federal Building, $3,755,000
New York:
New York, Bowling Green Customhouse (phase 1), $4,727,000
New York, Emanuel Celler Federal Building and U.S. Courthouse, $3,915,000
New York, Jacob K. Javits Federal Building, $13,721,000
Rochester, Kenneth B. Keating Federal Building and U.S. Courthouse, $1,994,000
Oklahoma:
Oklahoma City, Post Office and Courthouse, $11,242,000
Pennsylvania:
Philadelphia, Customhouse, $20,166,000
Pittsburgh, Post Office and Courthouse, $2,700,000
Tennessee:
Nashville, Estes Kefauver Federal Building and U.S. Courthouse Annex, $4,616,000
Texas:
Dallas, Federal Building (Terminal Annex), $4,307,000
El Paso, Ysleta Border Station, $9,044,000
Virginia:
Portsmouth, Federal Building, $1,700,000
Arlington, Pentagon, $35,500,000
Washington:
Seattle, Federal Office Building, $17,932,000
Spokane, Federal Building and Post Office, $5,071,000

[Tennessee:
    Chattanooga, Joel W. Solomon Federal Building, Courthouse, $3,033,000
    Jackson, Pos. Office, Courthouse, $2,433,000
Texas:
    Fort Worth, Fritz G. Lanham Federal Building, $4,834,000
Virginia:
    Charlottesville, Federal Executive Institute, $2,100,000
Wisconsin:
    Milwaukee, Federal Building, Courthouse $3,548,000

Capital Improvements of United States-Mexico Border Facilities, $54,681,320 as follows:

Arizona:
    Douglas, New Border Station, $4,000,000
    Nogales, Mariposa Border Station, $4,289,000
    Nogales, Grand Ave./Morley Gate Border Station, $12,427,000
California:
    Calexico, Border Station, $4,000,320
    Otay Mesa, Border Station, $4,302,000
    Otay Mesa, New Facility, $2,000,000
    San Ysidro, Border Station, $3,366,000
New Mexico:
    Santa Teresa, New Border Station, $6,152,000
Texas:
    Brownsville, Los Indios Border Station, $1,535,000
    Columbia, New Border Station, $4,000,000
    Eagle Pass, Border Station, $1,402,000
    El Paso, Bridge of the Americas, Border Station, $7,208,000].

$271,177,000

Minor Repairs and Alterations, [$201,268,000]√: Provided, [That by no later than July 30, 1990 the Administrator of General Services shall assess the level of unobligated balances, if any, in the Federal Buildings Fund and request reprogramming of such balances, not to exceed $10,000,000, to provide additional funding for United States-Mexico Border Facility projects: Provided further,] That additional projects for which prospectuses have been fully approved may be funded under this category only if [advance approval is obtained from]√ the Committees on Appropriations of the House and Senate: Provided further, That all funds for repairs and alterations prospectus projects shall expire on September 30, [1991]√, and remain in the Federal Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date; (3) not to exceed [$126,752,000 for payment on purchase contracts entered into prior to July 1, 1975]√; (4) not to exceed [$1,341,736,000]√ for rental of space; (5) not to exceed [$948,000,000]√ for real property operations; (6) not to exceed [$88,020,000]√ for program direction and centralized services; and (7) not to exceed [$146,302,000]√ for design and construction services which shall remain available until expended: Provided further, That for the purposes of this authorization, buildings constructed pursuant to the purchase contract authority of the Public Buildings Amendments of 1972 (40 U.S.C. 602a), √and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other department or agency from

notice thereof is given to

1992

$136,579,000 for installment acquisition payments including payments on purchase contracts

$1,534,300,000

$1,037,200,000

$90,781,000

$176,403,000

buildings occupied pursuant to installment purchase contracts, buildings then, or thereafter to be, under the control of the General Services Administration shall be considered to be federally owned buildings: [Provided further, That the Administrator of General Services is hereby directed to enter into a lease to ownership agreement, pursuant to a competitive selection process, for the lease purchase of a building of approximately 541,000 occupiable square feet, in Chamblee, Georgia. The contract shall provide, by lease or installment payments over a period of not to exceed thirty years, for the payment of the purchase price and reasonable interest thereon, and shall provide for title to the building to vest in the United States on or before the expiration of the contract term upon fulfillment of the terms and conditions of the agreement. Obligations of funds for the lease or installment payments shall be limited to the current fiscal year for which payments are due without regard to section 1341(a)(1)(B) of title 31, United States Code: Provided further, That, notwithstanding any other provision of law, the Administrator of General Services is hereby authorized to enter into a lease to ownership agreement, pursuant to a competitive selection process, for the lease purchase of such buildings as required to provide not to exceed 1,400,000 occupiable square feet and necessary parking for the Environmental Protection Agency, on a site in the District of Columbia. The contract shall provide, by lease or installment payment over a period not to exceed thirty years, from funds available in the Federal Buildings Fund for the payment of the purchase price and reasonable interest thereon, and shall provide for title to the building(s) to vest in the United States on or before the expiration of the contract term upon fulfillment of the terms and conditions of the agreement. Obligations of funds for the lease or installment payments shall be limited to the current fiscal year for which payments are due without regard to section 1341(a)(1)(B) of title 31, United States Code: Provided further, That the Administrator of General Services is hereby directed to enter into a lease to ownership agreement, pursuant to a competitive selection process, for the lease purchase of a building of approximately 684,100 occupiable square feet, on a site to be donated or otherwise acquired, in the City of Baltimore, Maryland, or the City of Woodlawn, Maryland. The contract shall provide, by lease or installment payments over a period not to exceed thirty years, for the payment of the purchase price and reasonable interest thereon, and shall provide for title to the building to vest in the United States on or before the expiration of the contract term upon fulfillment of the terms and conditions of the agreement. Obligations of funds for the lease or installment payments shall be limited to the current fiscal year for which payments are due without regard to section 1341(a)(1)(B) of title 31, United States Code: Provided further, That the limitation on purchase price for the Oakland, California building authorized under this heading in Public Law 100-202 may be increased by an amount not to exceed 10 per centum unless advance approval is obtained from the Committees on Appropriations of the House and Senate for a greater amount:] Provided further, That none of the funds available to the General Services Administration [with the exception of those for the Prince George's County, Maryland, Federal Courthouse; Capital Improvements for the United States-Mexico Border Facilities; and the Santa Fe New Mexico

Federal Building] shall be available for expenses in connection with
any construction, repair, alteration, and acquisition project for
which a prospectus, if required by the Public Buildings Act of 1959,
as amended, has not been approved, except that necessary funds may be
expended for each project for required expenses in connection with the
development of a proposed prospectus: Provided further, That funds
available in the Federal Buildings Fund may be expended for emergency notice thereof is given to
repairs when advance [approval is obtained from] the Committees on
Appropriations of the House and Senate: Provided further, That amounts
necessary to provide reimbursable special services to other agencies
under section 210(f)(6) of the Federal Property and Administrative
Services Act of 1949, as amended (40 U.S.C. 490(f)(6)) and amounts to
provide such reimbursable fencing, lighting, guard booths, and other
facilities on private or other property not in Government ownership or
control as may be appropriate to enable the United States Secret
Service to perform its protective functions pursuant to 18 U.S.C.
3056, as amended, shall be available from such revenues and
collections: Provided further, That revenues and collections and any 1991
other sums accruing to this Fund during fiscal year [1990] excluding
reimbursements under section 210(f)(6) of the Federal Property and
Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)) in excess of $3,818,977,000
[$3,328,345,320] shall remain in the Fund and shall not be available
for expenditure except as authorized in appropriations Acts.

(Independent Agencies Appropriations Act, 1990)

Public Buildings Service, Federal Buildings Fund

Explanation of Changes in Appropriations Language for FY 1991

The FY 1990 Federal Buildings Fund proposed language includes seven changes from previously enacted legislation:

1) The proposed language makes the revenues and collections deposited into the Federal Buildings Fund available for the payment of "telecommunications relocation expenses" that are performed incident to GSA directed moves.

2) The proposed language makes the revenues and collections deposited into the Federal Buildings Fund available for necessary expenses and payment of principal, interest, taxes, and any other obligations for public buildings acquired by "installment purchase and" purchase contract. This language makes resources of the Federal Buildings Fund available to make payments for projects constructed using installment purchase arrangements. This includes 12 projects previously approved for lease purchase.

3) The proposed language changes the requirements from "Construction Projects, less than $1,500,000", to "Non Prospectus Construction Projects". Public Law 100-678, Public Buildings Amendments of 1988, 40 U.S.C. 601, amended sections 4(b) and 7(a) of the Public Buildings Act of 1959 (40 U.S.C. 603(b) and 606(a)) by striking out "$500,000" each place it appears and inserting in lieu thereof "$1,500,000". Additionally, provisions were established whereby the Administrator may adjust the threshold to reflect a percentage increase or decrease in construction costs as determined by the composite index of construction costs of the Department of Commerce. This change would permit GSA to utilize the prospectus limitation in effect for the fiscal year during which the specific projects are approved.

4) Changes to the Repairs and Alterations activity project list. The proposed language changes the requirement from "advance approval is obtained from" the Committees on Appropriations for the addition of R&A projects and project escalations exceeding ten percent, to "advance notice thereof is given to" the Committees on Appropriations for these actions. While the Appropriations Committees will still retain control over the projects, this change will allow GSA to complete its Repairs and Alterations program in a more timely and responsive manner when additional work is necessary. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

5) The proposed language authorizes GSA to make payments "for installment acquisition payments including payments on purchase contracts". GSA believes that this is the proper activity under which these payments should be made. This change does not alter the project approval required for these projects. This enlarges the scope of this activity to include payments for projects constructed using installment purchase arrangements including 12 projects previously approved for lease purchase.

6) The proposed language includes "buildings occupied pursuant to installment purchase contracts" as federally owned buildings. This defines as federally owned buildings, all projects using installment purchase arrangements including 12 projects previously approved for lease purchase. This conforms to the language including buildings occupied pursuant to the purchase contract authority as federally owned buildings.

7) The proposed language changes the requirement from "advance approval is obtained from" to "advance notice thereof is given to" the Committees on Appropriations for emergency repairs. This change will allow GSA to perform emergency repairs in a more timely and responsive manner. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1989 ACTUAL		FY 1990 PROGRAM		FY 1991 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
N/A	$194,948	N/A	$218,056	N/A	$380,005	N/A	$161,949	N/A	$161,949	N/A	$ -

BACKGROUND

The Construction and Acquisition of Facilities activity meets the space needs of Federal agencies by funding direct Federal construction, acquisition of excess properties from the U.S. Postal Service and other Government agencies, and the purchase of both building sites and existing commercial buildings.

It is the policy of the General Services Administration (GSA) to increase the ratio of Government-owned to leased facilities as the most economical means of housing Government activities in most geographic locations. This policy is carried out through direct Federal construction, the purchase of existing commercial buildings, and construction financed through alternate methods, for example, lease purchase.

In a continued effort to increase the ratio of Government-owned to leased square feet, of primary importance is the construction and purchase of buildings in areas where leased space is costly and large amounts of space are currently leased. In addition, construction often offers the only practical means to meet special purpose needs such as space required for courts, laboratories, and border stations.

JUSTIFICATION

The FY 1991 Construction and Acquisition of Facilities activity proposes a program with a new obligational authority of $271,004 thousand and an obligational level of $380,005 thousand. The program includes construction of an extension to the John E. Moss Federal Building-U.S. Courthouse in Sacramento, CA, and additional funds for the Social Security Administration Data Operations Center building in Wilkes-Barre, PA and the Post Office and Courthouse Annex in Camden, NJ. In support of the Judiciary, the program will provide construction funds for court projects in Kansas City, KS; Prince George's County, MD; Minneapolis, MN; White Plains, NY; Portland, OR; and Alexandria, VA. Construction funds are provided for new office-laboratory buildings in Menlo Park, CA. The program also includes funding for the payment of a claim against a construction project and funding for non-prospectus projects.

The following exhibits contain further information regarding the Construction and Acquisition of Facilities Program:

EXHIBIT 51-1:	Project Listing and Prospectus Status
EXHIBIT 51-2:	Project Descriptions
EXHIBIT 51-3:	Analysis of New Obligational Authority and Obligational Levels
EXHIBIT 51-4:	Building Purchase Program - Status of Funds

Public Buildings Service, Federal Buildings Fund

Exhibit 51-1

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

PROJECT LISTING

PROJECTS	SITE	DESIGN	CONST	M&I	TOTAL PROJECT	FY 1991 REQUEST THIS ACTIVITY
Chicago, IL - James C. Kluczynski Federal Building (Claim)	N/A	N/A	455	N/A	455	455
Wilkes-Barre, PA - Social Security Administration Data Operations Center (Escalation)	500	1,942	28,098	2,037	32,577	11,986
Camden, NJ - Post Office and Courthouse Annex (Escalation)	2,000	1,881	27,117	1,987	32,985	8,903
Sacramento, CA - John E. Moss Federal Building-U.S. Courthouse Extension	G/O	508	5,801	500	6,809	5,801
Kansas City, KS - U.S. Courthouse	200	2,063	29,475	2,116	33,854	29,475
Alexandria, VA - U.S. Courthouse	TBD	3,574	58,202	3,010	64,786	58,202
Prince George's County, MD - U.S. Courthouse	3,000	1,700	21,883	1,640	28,223	21,883
Menlo Park, CA - Office-Laboratory Buildings	N/A	1,600	22,000	1,790	25,390	22,000
Portland, OR - U.S. Courthouse Annex	4,100	2,347	33,320	2,363	42,130	33,320
White Plains, NY - U.S. Courthouse	3,245	1,662	23,105	1,756	29,768	28,350
Minneapolis, MN - U.S. Courthouse	N/A	3,106	47,710	2,683	53,499	47,710
Non-Prospectus Projects	0	363	5,000	314	5,677	5,000
TOTAL	$13,045	$20,866	$302,186	$20,115	$356,192	$271,004

Note: This table reflects total project costs, some of which have been funded in a previous year or in the Design and Construction Services Activity.

CONSTRUCTION AND ACQUISITION OF FACILITIES

Exhibit 51-2

PROJECT DESCRIPTIONS

CALIFORNIA

Sacramento - John E. Moss Federal Building-U.S. Courthouse
Extension (Construction).......................................$5,801,000

It is proposed to construct an extension of approximately 15,000 occupiable square feet of space to provide court facilities plus 152 outside parking spaces. The court facilities include a district courtroom, two magistrate courtrooms, a jury assembly area (which will be constructed for use in the future as a courtroom), and prisoner and judges elevators.

In FY 1990, $405 thousand was authorized under the Design and Construction Services activity. The FY 1991 request includes $5,801 thousand for construction under this activity and $663 thousand for additional design ($163 thousand), included in the prior year category, and management/inspection ($500 thousand) under the Design and Construction Services activity. Total estimated project cost is $6,869 thousand.

Menlo Park - United States Geological Survey
Office - Laboratory Buildings.................................$22,000,000

This project proposes the construction of two buildings which will contain a total occupiable area of 96,805 square feet of office/laboratory space on land to be transferred to GSA from the Department of Interior. Below grade parking will be provided for 111 inside parking spaces. These new buildings will replace existing commercially leased space and temporary structures.

A large laboratory - office structure will provide space for scientists, technical staff and storage for rocks and mineral samples. The smaller Paleomagnetic Laboratory has program requirements which can best be met in a seperate structure composed of non-ferrous materials to isolate the research equipment from metal materials that would interfere with the magnetic field of the instrumentation.

$22,000 thousand for construction under this activity, and $3,300 thousand under the Design and Construction Services activity are requested in FY 1991. Total estimated project cost is $25,300 thousand.

KANSAS

Kansas City - U.S. Courthouse and Federal Building............$29,475,000

This project proposes to construct a U.S. Courthouse and Federal Building of approximately 164,000 square feet with an 18,000 square foot parking garage and sallyport.

The courts have projected space requirements of approximately 80,000 square feet of space in 1990 and 112,000 by the year 2000. Court-related activities such as the U.S. Attorney, Marshals, and Trustees, will also require additional space. It is projected that the Courts and court-related activities will require approximately 97,000 square feet by the year 1990 and 136,000 square feet by the year 2000. Until these needs materialize, future court space in the building will be occupied by non-court agencies. These expanding requirements cannot be met in existing buildings.

$200 thousand for site purchase and $2,063 thousand for design were authorized in FY 1990. $29,475 thousand for construction and $2,116 thousand for management/inspection under the Design and Construction Services activity are requested in FY 1991. The total estimated project cost is $33,854 thousand.

MARYLAND

Prince George's County - U.S. Courthouse.......................$21,883,000

This project will include construction of a 96,807 occupiable square foot U.S. Courthouse and 156 surface and inside parking spaces.

The building will house all components of the U.S. Courts as well as employees of the U.S. Marshals Service and the U.S. Attorneys. There will be seven courtrooms (three for the District Court, two for the Magistrate Court, and two for the Bankruptcy Court) scheduled for 1994 occupancy. The building will satisfy the expansion requirements of all these agencies, while consolidating them from three locations into one modern, functional, and secure facility.

CONSTRUCTION AND ACQUISITION OF FACILITIES

Exhibit 51-2

PROJECT DESCRIPTIONS

MARYLAND (continued)

Prince George's County - U.S. Courthouse (continued)

In FY 1990, $4,700 thousand was authorized for site acquisition and design of this courthouse. $21,883 for construction under this activity, and $1,640 under the Design and Construction Services activity are requested in FY 1991. Total estimated project cost is $28,223 thousand.

MINNESOTA

Minneapolis - U.S. Courthouse..................................$47,710,000

This project is to construct a 167,600 occupiable square foot facility with 225 parking spaces in order to provide for the projected space needs of the district courts, bankruptcy court which is now in leased space, and court-related activities. In addition, secure parking will be provided for judges, the U.S. Marshals, the Federal Bureau of Investigation, and the Drug Enforcement Agency. $47,710 thousand for construction under this activity, and $5,759 thousand under the Design and Construction Services activity are requested in FY 1991. Total estimated project cost is $53,469 thousand.

NEW JERSEY

Camden - Post Office and U.S. Courthouse Annex (Escalation)....$8,903,000

Additional funding is required because of increased construction and site acquisition costs. The scope of the project has increased by 11,840 square feet in order to accommodate the expansion requirements of the court and to satisfy historic preservation considerations.

In FY 1988, $1,486 thousand was authorized for site purchase and $1,186 thousand for design in the Design and Construction Services activity. $18,728 thousand was authorized for construction and $632 thousand for design and $1,217 thousand for management and inspection were authorized in the Design and Construction Activity in FY 1989. In FY 1991, $514 thousand for site purchase and $8,389 thousand for construction is requested in this activity. $83 thousand for design and $770 thousand for management and inspection is being requested in the Design and Construction Services activity. Total estimated project cost is $32,985 thousand.

NEW YORK

White Plains - U.S. Courthouse.................................$26,350,000

This project will include site acquisition and construction of a 79,740 occupiable square foot U.S. Courthouse and 9,000 square feet of inside parking spaces.

Presently, the U.S. Courts and related agencies occupy approximately 34,585 square feet in a government-owned building and a leased building. The U.S. Courts have been expanding since this location was designated a site for holding Court by the Congress in November 1978 and will require 45,156 additional square feet of space to meet the caseload demands. $26,350 thousand for construction under this activity, and $3,418 thousand under the Design and Construction Services activity are requested in FY 1991. Total estimated project cost is $29,768 thousand.

OREGON

Portland - U.S. Courthouse Annex...............................$33,320,000

This project proposes the construction of a 125,000 occupiable square foot annnex plus 100 inside parking spaces to the existing Gus J. Solomon U.S. Courthouse at 620 S. W. Main Street. The annex will be constructed on an adjacent site across the street from the existing Courthouse. Immediate and long range expansion needs of the district court will be accommodated in the new building along with executive agencies now housed in leased space, until later court expansion takes place. By the year 2015, the building will be totally occupied by the district court and court-related agencies.

$4,100 thousand for site purchase was authorized in FY 1989. $33,320 thousand for construction under this activity, and $4,710 thousand under the Design and Construction Services activity are requested in FY 1991. Total estimated project cost is $42,130 thousand.

CONSTRUCTION AND ACQUISITION OF FACILITIES

Exhibit 51-2

PROJECT DESCRIPTIONS

PENNSYLVANIA

Wilkes-Barre - Social Security Administration (SSA) Data Operations Center (DOC) (Escalation)..........................$11,906,000

It is proposed to construct a 198,130 occupiable square foot facility in the Wilkes-Barre, Pennsylvania area to house the SSA DOC. These operations are currently housed in two leased facilities. These leased facilities do not permit a modern, administratively efficient operation in a consolidated facility. The new building would provide a single Government-owned structure capable of housing the latest equipment along with on-site parking and room for an expanding staff. The leased storage space at the Luzerne Products Building would remain in the inventory.

In FY 1987, $20,672 thousand was authorized in the Construction and Acquisition of Facilities activity for the total project cost of this building. An additional $11,906 thousand is needed in FY 1991 to cover inflation since FY 1987 and to accommodate SSA's space requirements. The true SSA requirement was not known at the time of the first appropriation. The project was delayed due to the uncertainty of SSA's space requirement in the Wilkes-Barre area. SSA is now committed to remaining in the area and has provided GSA with a detailed set of requirements.

VIRGINIA

Alexandria - U.S. Courthouse....................................$58,202,000

This project proposes construction of a 194,990 occupiable square foot U.S. Courthouse and inside parking for 300 vehicles. Construction of this facility will allow the consolidation of personnel from the U.S. Courts, U.S. Marshals Service, and U.S. Attorney's office, currently housed in one Government-owned and four leased locations in Alexandria.

The new courthouse will provide 15 courtrooms (nine for the District Court, three for the Magistrate Court, two for the Bankruptcy Court, and one for the Circuit Court).

In FY 1990, $2,134 thousand was funded for design under the Design and Construction Services activity. The request for FY 1991 includes $58,202 thousand for construction under this activity and under the Design and Construction Services activity $1,440 thousand for additional design, included in the prior year category, and $3,010 thousand for management/inspection under the Design and Construction Services activity. Total estimated project cost is $64,786 thousand.

OTHER ACTIVITIES

Chicago, IL - James C. Kluczynski Federal Building (Claim)

Funds in the amount $486 thousand are requested to pay a claim against the Chicago, Illinois, Federal Building project. There were 120 changes to the original contract which caused the contractor to remain on the job more than one year past the contract completion date. This claim is for extended overhead costs. The claim will be paid by the U. S. Treasury under the terms of the Contract Disputes Act. Funds are required to reimburse the Treasury.

Non-Prospectus Projects

Funds in the amount of $8,000 thousand are requested for the development of projects not subject to prospectus approval. The funds will permit these projects to be accomplished promptly and efficiently. Much has been achieved under this program since its inception. Small project funds have been used to erect special purpose storage buildings, depot service and ware-house buildings, and a small courthouse. These funds have also been used to acquire a motor pool, a parking lot, two sites, and property that will be part of the Jimmy Carter National Historic Site. Two small border stations funded jointly by the United States and Canada have been completed, and a building addition is scheduled for construction.

Design and management/inspection funds in the amount of $677 thousand are being requested under the Design and Construction Services activity in FY 1991, for a total of $8,677 thousand.

EXHIBIT 51-3

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND OBLIGATIONAL LEVELS

	FY 1989		FY 1990	FY 1991	Future Years
Unobligated Balance Available SOY	$346,698		$288,912	$209,699	$100,698
New Obligational Authority	119,820		138,843	271,004	0
Reprogramming	12,000	1/	0	0	0
International Cultural and Trade Center	-1,400	2/	0	0	0
Total Availability	$477,118		$427,755	$480,703	$100,698
Obligations Against Projects Authorized Prior to FY 1989	185,060		125,235	33,395	8,350
Obligations Against FY 1989 Projects	9,888		45,795	72,684	3,453
Obligations Against FY 1990 Projects	0		47,026	36,257	55,560
Obligations Against FY 1991 Projects	0		0	237,669	33,336
Total Obligations (-)	194,948		218,056	380,005	100,698
Prior Year Recoveries	6,742		0	0	0
Unobligated Balance Available EOY	$288,912		$209,699	$100,698	$0

1/ Reprogrammed from Budget Activity 55 - $1,100K for Tucson, AZ, and $1,800K for Sumas, WA.
Reprogrammed from Budget Activity 53 - $4,100K for Portland, OR, and $5,000K for Building Purchase.

2/ Funds transferred to the Pennsylvania Avenue Development Corporation for International Cultural and Trade Center project.

EXHIBIT 51-4

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

BUILDING PURCHASE PROGRAM - STATUS OF FUNDS

	FY 1985 and Prior	FY 1986	FY 1987		FY 1988	FY 1989	FY 1990	FY 1991
Unobligated Balance Available, SOY	$74,017	$107,957	$94,069		$37,267	$56,394	$48,773	$0
Reprogramming	0	0	-660	1/	0	5,000	0	0
New Obligational Authority	81,952	0	93,338		100,000	500	500	0
Total Availability	$155,969	$107,957	$186,747		$137,267	$61,894	$49,273	$0
Obligations to date:								
Dallas, TX, 555 Griffin Square	7,250							
Washington, DC, Judiciary Sq. Bldg.	13,438							
Austin, TX, IRA-VA Complex	27,324							
Miami, FL, Brickell Plaza		13,888						
Bethesda, MD, 1 White Flint North			47,500					
Chamblee, GA, IRS Service Center			13,325					
Silver Spring, MD, East West Hwy.			21,870		50			
Building Purchase Appraisals			366		30	80		
Houston, TX, Concord Tower			26,534					
Houston, TX, Alliance Tower			14,021					
Denver, CO, Colonnade Bldg.			15,956					
Las Vegas, NV, Bonneville Tower			9,908					
Atlanta, GA, Peachtree Plaza					57,672	10,767		
Farmer's Branch, TX, Centre V Bldg.					23,121	2,274		
Planned Purchases, FY 1990							49,273	0
Total Obligations (-)	48,012	13,888	149,480		80,873	13,121	49,273	0
Unobligated Balance, End of Year	$107,957	$94,069	$37,267		$56,394	$48,773	$0	$0

1/ Reprogrammed to Wellesley Island, NY, Border Station acquisition.

REPAIRS AND ALTERATIONS

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

	FY 1989 ACTUAL		FY 1990 PROGRAM		FY 1991 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
Category	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Line Item	N/A	$205,868	N/A	$424,538	N/A	$527,532	N/A	$102,994	N/A	$102,994	N/A	-
Non-line item	N/A	$217,355	N/A	$216,422	N/A	$270,082	N/A	$ 53,660	N/A	$ 53,660	N/A	-
Total	N/A	$423,223	N/A	$640,960	N/A	$797,614	N/A	$156,654	N/A	$156,654	N/A	-

BACKGROUND

Under this activity, the General Services Administration (GSA) executes its responsibility for repairs and alterations (R&A) of both Government-owned and leased facilities under the control of GSA. The major goal of this activity is to provide commercially-equivalent space to tenant agencies. Safety, operating efficiency, and quality of facilities are given primary consideration in carrying out this responsibility. The FY 1991 program continues to emphasize work necessary to keep the buildings in an occupiable condition, improve their health and safety features, provide new court space and recapture vacant Government-owned space.

R&A workload requirements originate with scheduled on-site engineering inspections of buildings by in-house and contract engineers. The work identified through these inspections is programmed in order of priority into the Repairs and Alterations Construction Automated Tracking System (RACATS) and incorporated into a five-year plan for accomplishment, based upon funding availability and urgency.

The R&A program, for purposes of funds control, is divided into two types of projects: line item and non-line item. The following is a definition of each category of projects.

Categories of Projects

1. Line Item Projects - Line Item projects are those larger projects for which a prospectus authorization is required under the provisions of the Public Buildings Act of 1959, as amended, and for which over $1,500 thousand is planned to be obligated at a single location within a fiscal year. Generally, line item projects are similar to new construction projects in the scope of work involved and the multi-year time frame for project completion. Line item projects are listed individually in GSA's Appropriations Act and the obligational authority for each project is limited to the amount authorized. Exhibit 54-1 reflects the R&A categories and amounts required for FY 1991.

R&A line item projects are categorized as follows: 1) accomplishing repair and modernization work; 2) ensuring the safety and health of building occupants and visitors; 3) recapturing vacant space for occupancy; 4) supporting the U.S. Courts; and 5) serving special program needs. A line item project may include work in more than one category.

Repair/Modernization includes work essential to the preservation of the value and continued use of Federal assets. Repair work is necessary to restore the operation of systems and equipment due to deterioration and malfunctions, and to restore equipment and material of a building to an acceptable operating condition. Modernization is the updating of a facility's operating systems to provide an environment for the tenants to perform their missions efficiently and effectively. Work funded under this category would include the installation of new mechanical, electrical, and support systems/equipment.

Health and Safety is work essential for the protection of building occupants and visitors. Work includes but is not limited to the installation of fire/smoke detection and sprinkler systems, repairs/installation of elevator capture systems, and asbestos abatement projects.

Recapturing Vacant Space is work necessary to renovate vacant space for occupancy. In many cases, tenants can then be relocated from high-cost leased space.

Projects Supporting the U.S. Courts is the construction of new courtrooms and ancillary facilities in existing Federal buildings.

Special Program Goals is work that represents unique requirements not specifically covered under the other four categories (for example, handicapped accessibility, energy conservation, and historic preservation projects).

2. **Non-Line Item Projects** - This category includes all projects for which an amount less than $1,500 thousand is planned to be obligated at a single location within a fiscal year. Projects included in this category are generally short-term in nature, and funds can normally be obligated within a one-year period. This category also includes projects which are recurring in nature, such as cyclic painting and pointing, and the minor repair of defective building systems (e.g., mechanical, plumbing, electrical, firesafety, and elevator system components), and all R&A projects in leased facilities, regardless of size. Repairs and alterations work in leased buildings require a prospectus whenever the estimated total cost of the project exceeds $750 thousand.

JUSTIFICATION FOR FY 1991

The FY 1991 R&A program proposes New Obligational Authority (NOA) $572,710 thousand and an obligational level of $797,614 thousand. Exhibit 54-2 reflects an analysis of authority and obligational levels for the R&A program. Thirty line item repairs and alterations projects are proposed. The FY 1991 Non-line Item request includes approximately $20,000 thousand to repair damage caused by the Loma Prieta earthquake. This work is under design in FY 1990. GSA will provide specific amounts and locations when the preliminary design work is completed. The FY 1991 Repairs and Alterations program request continues GSA's emphasis on improving the health and safety aspects of the building inventory by requesting funds for priority asbestos projects, elevator replacement projects, and firesafety systems installation projects. In addition, building repairs and modernization of facilities are proposed to upgrade facilities to offset deterioration and obsolescence. Mandatory court space for newly authorized judgeships, and recapturing vacant space through cost effective alterations are planned. The FY 1991 request includes $10,218 thousand for the continuation of the expansion and improvement of U.S/Mexico Border facilities, a program which started in FY 1988. Exhibit 54-3 provides total funding availability for the border facility projects.

Exhibit 54-4 reflects the R&A project descriptions for the FY 1991 new projects. Projects for the health and safety area were selected and ranked based on risk assessment reports. Vacant space projects were analyzed on their economic return on investment. Repair and modernization projects were ranked using factors such as building size, number of occupants, and age and condition of equipment.

Design funding for all projects planned for construction funding in FY 1991 (except the Pentagon) was included in the FY 1990 or prior year design budgets. Design funding prior to construction ensures timely delivery of the projects unless bidding problems arise. The architect/engineer (A/E) selection process is initiated when the design prospectus and budget are submitted. A/E award is then possible early in the fiscal year when funds become available. This schedule provides a one-to-two year period for design and construction contract award which is generally sufficient on all projects.

Building Delegations

GSA is continuing its oversight and budgeting responsibilities under its Building Delegation Program. GSA will budget directly within the Federal Buildings Fund for all buildings delegated under the provisions of GSA's standard delegation agreement. Each year participating agencies will receive an allocation from GSA to operate and perform minor repairs to these buildings. Buildings which were delegated under earlier pilot agreements will also be included in GSA's Repairs and Alterations budget estimates as these agreements expire and are replaced by the current standardized delegations procedure. In FY 1991, $17,327 thousand is requested for the Building Delegation Program.

The following exhibits contain further information regarding the R&A program:

Exhibit 54-1 - Summary of the FY 1991 Request by Project
Exhibit 54-2 - Analysis of Budget Authority and Obligational Levels
Exhibit 54-3 - U.S./Mexico Border Facilities
Exhibit 54-4 - Project Descriptions

EXHIBIT 54-1

REPAIRS AND ALTERATIONS

SUMMARY OF THE FY 1991 REQUEST BY PROJECT
(Dollars in Thousands)

	REPAIR/ MODERNIZATION	HEALTH AND SAFETY WORK: ASBESTOS ABATEMENT	HEALTH AND SAFETY WORK: OTHER	HEALTH AND SAFETY WORK: TOTAL	VACANT SPACE RECAPTURE	U.S. COURTS	SPECIAL PROGRAMS	TOTAL PROJECT
NON-LINE ITEM PROGRAM	171,014	6,333	41,094	47,427	31,666	11,637	9,433	271,177
LINE ITEM PROJECTS:								
1 El Paso, TX, Ysleta - New Station, BS	0	0	0	0	0	0	9,044	9,044
2 Calexico, CA - New Station, BS	0	0	0	0	0	0	1,174	1,174 *
3 Philadelphia, PA, Customhouse	16,467	0	3,649	3,649	0	0	50	20,166
4 Oklahoma City, OK, PO/CT	9,096	1,220	926	2,146	0	0	0	11,242
5 Washington, DC Veterans Administration	19,600	2,500	3,900	6,400	0	0	0	26,000
6 Chicago, IL, Everett McKinley Dirksen Building-Ph 2	532	3,002	19,298	22,300	0	14,868	0	37,700
7 Atlanta, GA, Richard B. Russell FB/CT	1,260	0	0	0	0	2,284	0	3,544
8 New York, NY, Bowling Green Customhouse-Ph 1	4,181	0	546	546	0	0	0	4,727
9 San Diego, CA, FB/CT	3,211	0	2,714	2,714	0	1,911	0	7,836
10 Washington, DC Area - Elevators	16,500	0	0	0	0	0	0	16,500
11 Chicago, IL, Customhouse-Ph 2	8,388	695	1,177	1,872	0	0	0	10,260
12 Nashville, TN, Estes Kefauver FB/CT Annex	1,540	916	2,160	3,076	0	0	0	4,616
13 New York, NY, Jacob K. Javits FB	10,541	0	3,180	3,180	0	0	0	13,721
14 Pittsburgh, PA, PO/CT	0	0	2,700	2,700	0	0	0	2,700
15 Sacramento, CA, John E. Moss FB-CT	0	0	0	0	8,488	2,502	0	10,990
16 Newark, NJ, Peter W. Rodino, Jr. FB	3,332	423	0	423	0	0	0	3,755
17 Lakewood, CO, DFC, Bldg 56	6,492	1,860	232	2,092	0	0	0	8,584
18 Chicago, IL, FB, 536 South Clark-Ph 2	5,709	539	0	539	0	0	0	6,248
19 Washington, DC, Humphrey H. Humphrey Building	3,200	100	4,000	4,100	0	0	0	7,300
20 Arlington, VA, Pentagon-Ph 1	35,500	0	0	0	0	0	0	35,500
21 Spokane, WA, FB/PO	3,574	0	452	452	845	200	0	5,071
22 Portsmouth, VA, FB	0	0	0	0	1,700	0	0	1,700
23 Seattle, WA, FOB, 909 First St	12,777	570	795	1,365	3,790	0	0	17,932
24 Dallas, TX, FB-Terminal Annex	302	0	267	267	3,738	0	0	4,307
25 Rochester, NY, Kenneth B. Keating FB	1,994	0	0	0	0	0	0	1,994
26 Indianapolis, IN, FB/CT	2,247	0	325	325	0	1,336	0	3,908
27 San Francisco, CA, Appraisers Building	3,559	0	180	180	219	0	0	3,958
28 San Francisco, CA, Customhouse	9,508	0	0	0	0	0	0	9,508
29 St Paul, MN, Warren E. Burger FB/CT	221	2,445	3,306	5,751	0	1,661	0	7,633
30 Brooklyn, NY, Emanuel Celler, FB/CT-Ph 2	0	0	0	0	0	3,915	0	3,915
LINE ITEM SUBTOTAL	179,731	14,270	49,807	64,077	18,780	28,677	10,268	301,533
R&A PROGRAM TOTAL	350,745	20,603	90,901	111,504	50,446	40,314	19,701	572,710

* Continuation of a previously authorized project.

EXHIBIT 54-2

REPAIRS AND ALTERATIONS

ANALYSIS OF BUDGET AUTHORITY AND OBLIGATIONAL LEVELS
(Dollars in Thousands)

	FY 1989	FY 1990	FY 1991	Future Years
Unobligated Balance Available Start-of-Year	$267,312	$378,721	$296,453	$71,549
FY 1989 New Obligational Authority	533,076	558,692	572,710	0
FY 1989 Reprogramming	-16,613			
Total Obligational Authority	$783,775	$937,413	$869,163	$71,549
Obligations Against Projects Authorized Prior to FY 1989	20,194	114,948	115,123	2,148
Obligations Against FY 1989 Projects	185,674	119,452	5,623	1,866
Obligations Against FY 1990 Projects	-	196,138	158,336	8,951
Obligations Against FY 1991 Projects	-	-	248,451	53,082
Obligations Against Non-Line Item Projects	217,355	216,422	270,082	5,512
Total Obligations (-)	423,223	640,960	797,614	71,549
Prior Year Recoveries	18,169	-	-	-
Unobligated Balance Available End-of-Year	$378,721	$296,453	$71,549	$0

REPAIRS AND ALTERATIONS

Exhibit 54-3

UNITED STATES/MEXICO BORDER STATION FACILITIES PROGRAM
(Dollars in Thousands)

PROJECT	Funded through FY 1989	FY 1990 Authorization	FY 1991 Budget	Total Funding through FY 1991
ARIZONA				
Nogales, Grand Avenue/Morley Gate:				
Repairs and alteration	1,354	12,427		13,781
Safety	182			182
New station	2,860			2,860
Nogales, Mariposa:				
Repairs and alteration	1,125	4,289		5,414
Safety	143			143
Lukeville:				
Repairs and alterations	573			573
Safety	65			65
San Luis:				
Repairs and alterations	1,405			1,405
Safety	68			68
Douglas:				
New facility	192	4,000		4,192
Repairs and alterations	1,132			1,132
Safety	118			118
Sasabe:				
New facility	184			184
Repairs and alterations	66			66
Safety	34			34
Naco:				
New facility	153			153
Repairs and alterations	210			210
Safety	32			32
CALIFORNIA				
Calexico:				
New station	2,480		1,174	3,654
Safety/asbestos/repairs and alterations	6,115	4,000		10,115
San Ysidro/Otay Mesa:				
Virginia Street	583			583
Safety	5,024	3,366		8,390
Repairs and alterations	1,917			1,917
Commercial lot improvements	1,067	4,302		5,369
Signs/security	2,478			2,478
Lane reconfiguration	96			96
New Facility, Otay Mesa	7,222	2,000		9,222
Tecate:				
Repairs and alterations	1,913			1,913
New station	1,336			1,336
Andrade:				
Repairs and alterations	405			405
New station	212			212

REPAIRS AND ALTERATIONS

Exhibit 54-3 Continued

UNITED STATES/MEXICO BORDER STATION FACILITIES PROGRAM
(Dollars in Thousands)

PROJECT	Funded through FY 1989	FY 1990 Authorization	FY 1991 Budget	Total Funding through FY 1991
NEW MEXICO				
Antelope Wells: Repairs/safety	350			350
Columbus: Satety	201			201
Santa Teresa: New facility	578	6,152		6,730
TEXAS				
El Paso:				
Ysleta: New Facility	10,408		9,044	19,452
Bridge of the Americas:				
Design/repairs and alterations	1,142	7,208		8,350
Paving, import lot	850			850
Paso Del Norte: Extension/repairs and alterations	4,000			4,000
Laredo:				
Juarez-Lincoln	3,272			3,272
RR bridge replacement	18			18
Convent Street	3,301			3,301
Columbia: New facility	1,000	4,000		5,000
Brownsville:				
Gateway:				
Security	250			250
Lane expansion	1,450			1,450
Repairs and alterations	8,999			8,999
New bridge	480			480
B&M bridge	5,568			5,568
Los Indios: New facility	693	1,535		2,228
Fabens	545			545
Fort Hancock	100			100
Presidio	300			300
Progresso	600			600
Roma	650			650
Del Rio:				
Lane expansion	2,320			2,320
Security	250			250
New station	2,245			2,245
Los Ebanos	250			250
Eagle Pass: Security/repairs and alterations	5,428	1,402		6,830
Rio Grande City	60			60
Hidalgo: Safety/design/repairs and alterations	1,400			1,400
Falcon Dam	710			710
Amistad Dam	150			150
TOTAL	98,372	54,681	10,218	163,271

Exhibit 54-4

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

CALIFORNIA

Calexico, Border Station...$1,174,000

This project provides design funding for a new station a number of miles east of the existing border station in downtown Calexico.

GSA was authorized and appropriated $880,000 in FY 1988 for site acquisition and preliminary design work. To continue the work, an additional $1,600,000 was reprogrammed to the project during FY 1989.

Sacramento, John E. Moss Federal Building and U.S. Courthouse....$10,990,000

This nine story building, constructed in 1961, provides an occupiable area of 206,450 square feet and a gross area of 365,697 square feet.

This building will be renovated in conjunction with the construction of a 21,000 square foot court space extension. Approximately 115,000 square feet of space including 94,000 square feet occupied by the Corps of Engineers will be renovated for occupancy by several agencies now located in leased space. The renovation and realignment of this area will necessitate the relocation of partitions and replacement of ceilings, lighting and floor covering. All building systems will be modified to accommodate the new space configuration. The Clerk of the Courts and the U.S. Attorneys Office will be expanded and three existing courtrooms will be renovated.

San Diego, Federal Building and U.S. Courthouse.................$7,836,000

This building was constructed in 1976. It provides an occupiable area of 629,616 square feet and a gross area of 891,972 square feet.

This project provides for the installation of a fire sprinkler and alarm system. The bi-level moat will also be enclosed thereby increasing the size of the building by an additional 17,060 gross square feet and an occupiable area of 14,040 square feet. The added space will provide for a Circuit Court judges chambers, a Magistrate's hearing room and office, a permanent jury assembly lounge, and expansion for the U.S. Marshal and Clerk of the Court. Boilers to replace the current steam system will be installed.

San Francisco, Appraisers Building...............................$3,958,000

This 16 story building, constructed in 1940, provides an occupiable area of 278,473 square feet and a gross area of 451,500 square feet.

This project will recapture vacant laboratory space and convert it into office space. Windows will be replaced or repaired. The electrical system will be upgraded. Seismic protection will be provided for piping, duct work and elevators. Fire rated doors will be installed.

San Francisco, Customhouse.......................................$9,508,000

This five story building, constructed in 1911 is listed in the National Register of Historic places. It provides an occupiable area of 86,131 square feet and a gross area of 135,763 square feet.

This project will provide both structural seismic reinforcement and non-structural seismic protection to piping and duct work. The electrical system will be replaced.

COLORADO

Lakewood, Denver Federal Center, Building 56.....................$8,584,000

This building was constructed in 1941 and provides an occupiable area of 249,730 square feet and a gross area of 311,570 square feet. The building is one story with a partial second story.

The project provides for replacement of the industrial windows and installation of a central heating, ventilating and air-conditioning system. Existing office and laboratory space will be renovated by installing ceilings, light fixtures, floor coverings and partitions. Asbestos materials on piping and vulnerable areas will be removed. The roof, domestic water lines and the storm sewer drains will be repaired or replaced.

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Exhibit 54-4

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

DISTRICT OF COLUMBIA

Elevators..$16,500,000

This project provides for the replacement or upgrading of elevators in four Federal buildings. The major repairs to elevators, and upgrading of elements to meet current fire, handicapped, and lifesafety codes, and the installation of additional elevators will be accomplished. Existing mechanical vertical transportation systems are antiquated. Major rehabilitation is being proposed to improve the overall service to tenants.

A list of the buildings and estimated costs follows:

Building Listing		Estimated Construction Cost
Federal Building 10A		$2,200,000
Frances Perkins DOL Building		6,600,000
GSA - Regional Office Building		2,700,000
Agriculture South Building		5,000,000
	TOTAL	$16,500,000

Hubert H. Humphrey Federal Building................................$7,300,000

This nine story building, constructed in 1976, provides an occupiable area of 415,586 square feet and a gross area of 871,289 square feet.

This project will install a total building fire sprinkler system and upgrade the fire alarm system. Some ceiling tiles will be replaced and minor modifications will be made to the lighting system. Asbestos insulation will be removed and replaced with non-asbestos materials.

Veterans Administration Building................................$26,000,000

This 11 story building, constructed in 1919, is listed in the National Register of Historic Places. It provides an occupiable area of 441,595 square feet and a gross area of 678,145 square feet.

This project provides for upgrading the heating, ventilating, air-conditioning, plumbing and electrical systems. Interior space renovations will be accomplished. A total building fire sprinkler system and fire stairs will be installed. Asbestos insulation on piping and mechanical equipment will be removed and replaced with non-asbestos materials.

GEORGIA

Atlanta, Richard B. Russell Federal Building and U.S. Courthouse..$3,544,000

This 27 story building was completed in 1979. It provides an occupiable area of 838,225 square feet and a gross area of 1,279,255 square feet.

This project provides for the conversion of 40,000 occupiable square feet of office space to court space on the 13th and 14th floors to meet the expansion requirements of the Bankruptcy Court. This project also provides for elevator modifications, replacement of two cooling towers and roof repairs.

ILLINOIS

Chicago, Customhouse (Phase 2)....................................$10,260,000

This 11 story plus basement, steel and concrete building was constructed in 1932. It provides an occupiable area of 182,800 square feet and a gross area of 268,069 square feet.

This is the second and final phase to renovate the entire building. The total project is estimated to cost $19,856,000, of which $9,596,000 was authorized in FY 1989.

Phase 1 work will provide for window replacement, repairs to the building exterior and plumbing, elevators, and electrical work. Phase 2 consists of upgrading general office areas, installing fire sprinklers and secondary heating, ventilating and air conditioning systems, and improving the parking lot.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

ILLINOIS (continued)

Everett McKinley Dirksen Building (Phase 2)......................$37,700,000

This 31 story high-rise building was constructed in 1964 and provides an occupiable area of 787,221 square feet and a gross area of 1,303,578 square feet.

This is the second of a three phase project to provide court related work in the building. The total project is estimated to cost $48,703,000. A total of $2,833,000 is requested in FY 1990, for phase 1, $37,700,000 is being requested for phase 2 and $8,170,000 will be requested in a future year.

Phase 1 provides four additional Bankruptcy Courtrooms and related facilities.

Phase 2 provides four new two story District Courtrooms and Chambers. In addition Phase 2 provides for completion of the fire sprinkler system in the building. The fire alarm system and the emergency telephone system will be upgraded. A smoke control system and an emergency power system will be installed. Asbestos will be removed in basement and sub-basement mechanical areas where pipe and equipment insulation is exposed to frequent damage.

Phase 3 will provide four additional District Courtrooms and Chambers. The conversion of space will require heating, ventilating, air-conditioning and electrical upgrades, extension of secured elevators to the new court floors, asbestos abatement work, and structural changes to accommodate the two story courtrooms.

Chicago, 536 South Clark Street (Phase 2)........................$6,248,000

This 75 year old 10 story Federal Building was acquired by GSA in 1956, and provides an occupiable area of 430,087 square feet and a gross area of 600,464 square feet.

This is the final of a two phase project to renovate the entire building. A total of $35,328,000 was provided in FY 1990 to fund phase 1, and $6,248,000 is being requested for phase 2. The total project is estimated to cost $41,576,000.

Phase 1 will provide for the renovation of elevators, lobbies, corridors and the main entrance. Office space on the second, third, seventh and eighth floors will be upgraded by replacing partitions, doors, ceilings, windows, lighting, secondary electrical distribution systems and flooring. The air handling equipment and ductwork will be modified.

Phase 2 will provide expansion space for the Drug Enforcement Administration laboratory and other agencies requiring laboratory space. The work will include ceilings, partitions, lighting, air handling equipment, ductwork, flooring, and a security system.

INDIANA

Indianapolis, Federal Building and Courthouse......................$3,908,000

This historic building, constructed in 1905, provides an occupiable area of 229,575 square feet and a gross area of 446,230 square feet.

This project reorganizes the courts facilities throughout the building. The project provides for a new District Courtroom and Chambers, two Magistrates Courtrooms and Chambers and two Bankruptcy Courtrooms. In addition the two existing Bankruptcy Courtrooms will be restored. The Probation Office will be moved to the first floor to ensure greater building security, while the District Court Library and the U.S. Marshal's office will be expanded.

The electrical distribution and heating, ventilating, and air-conditioning systems will be upgraded. An emergency generator will also be installed.

Exhibit 54-4

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

MINNESOTA

St. Paul, Warren E. Burger Federal Building and U.S. Courthouse...$7,633,000

This seven story building was constructed in 1965. It provides an occupiable area of 260,541 square feet and a gross area of 422,496 square feet.

This project will provide for a total sprinkler system on floors one through seven. Asbestos materials in areas to be renovated and on mechanical equipment and piping will be removed.

Additional court facilities and the relocation of other agencies will be accomplished on floors two and six. This work will include new courtrooms, chambers and ancillary facilities. Office space alterations will include new ceilings, lights, and partitions.

NEW JERSEY

Newark, Peter W. Rodino, Jr., Federal Building.....................$3,755,000

This 19 story building was constructed in 1968. It provides an occupiable area of 356,404 square feet and a gross area of 527,211 square feet.

This project will provide for replacement of two 600 ton air-conditioning chillers with two new fully automatic chillers. New chiller and condenser water pumps, motors, control panels, valves, strainers, piping, hot water converters, expansion tanks and pumps will be installed. Asbestos will be removed and replaced with non-asbestos materials in conjunction with the equipment removal.

NEW YORK

Brooklyn, Emanuel Celler Federal Building and
U.S. Courthouse (Phase 2).. $3,915,000

This building was constructed in 1964. The building consists of two office towers joined by a lobby entranceway. It provides a gross area of 574,455 square feet and occupiable area of 354,746 square feet.

GSA was authorized $16,000,000 in FY 1989, for the Emanuel Celler Federal Building and U.S. Courthouse. During FY 1989, it became necessary to reprogram the funds to the Rental of Space activity. Part of the funds ($5,100,000) were restored to GSA in FY 1990 as Phase 1. Phase 2 ($3,915,000) is being requested in FY 1991. In order to complete the project, an additional amount will be requested in a future year.

This project provides for four District courtrooms, chambers and adjunct facilities on the first floor. The project includes asbestos removal, demolition of existing office space, and installation of carpeting, ceilings, partitions, lighting, electrical and telephone outlets, and heating, ventilation, and air-conditioning improvements.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

NEW YORK (continued)

New York City, Bowling Green Customhouse (Phase 1)...............$4,727,000

This nine story building was constructed in 1907. It provides an occupiable area of 202,000 square feet and a gross area of 367,933 square feet. It is listed on the National Register of Historic Places.

This is the first of a two-phase project. Phase 2 ($15,506,000) will be requested in a future year. Total cost is estimated at $20,233,000.

This project will install fire sprinklers and other firesafety system improvements. It will repair space in the public areas and restore historical architectural interior features and artwork.

New York City, Jacob K. Javits Federal Building.................$13,721,000

This 41 story building was constructed in 1968. It provides an occupiable area of 1,672,547 square feet and a gross area of 2,689,322 square feet.

This project will replace two 3,000 ton air-conditioning chillers and reconstruct the cooling tower. The fire alarm system will be upgraded. The elevators will be provided witn fireman's capture features, and an emergency generator will be installed.

Rochester, Kenneth B. Keating Federal Building....................$1,994,000

This seven story building was constructed in 1972. It provides an occupiable area of 163,854 square feet and a gross area of 246,252 square feet.

This project will replace the deteriorated fiberglass heating, ventilating, and air-conditioning (HVAC) ducts with metal ductwork. Temperature control problems in the basement and first floor will be corrected by installing a variable air volume HVAC system. The freight/passenger elevator will be upgraded.

OKLAHOMA

Oklahoma City, Post Office and Courthouse........................$11,242,000

This 10 story building was constructed in 1906 and completed as it exists today by additional construction phases in 1912, 1919, and 1937. The building is listed on the National Register of Historic Places and provides an occupiable area of 118,631 square feet and a gross area of 214,638 square feet.

This project provides for upgrading and/or replacement of the heating, ventilating, air-conditioning, electrical and plumbing systems. The existing office space will be upgraded with new ceilings, lights and floor covering.

Asbestos will be removed during the accomplishment of the mechanical work and replaced with non-asbestos materials. The project also provides for the completion of the fire sprinkler system and improving emergency egress from the building.

PENNSYLVANIA

Philadelphia, Customhouse...$20,166,000

This 17 story building was constructed in 1934. It provides an occupiable area of 310,173 square feet and a gross area of 471,350 square feet.

This project will provide for installation of a total building fire sprinkler system, fire-rated doors and walls, and will extend the west stairwell to the 14th floor. The heating, ventilating and air-conditioning system will be upgraded. Interior space will be renovated and restored. Restrooms will be upgraded including handicapped accessibility features. Elevator, lighting and electrical systems will be upgraded. An energy management system will be installed. The exterior of the building will be cleaned and restored, and windows will be replaced.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

PENNSYLVANIA (continued)

Pittsburgh, Post Office and Courthouse............................$2,700,000

The monumental ten story building is eligible for listing on the National Register of Historic Places. The building was constructed in 1934 and provides an occupiable area of 525,135 square feet and a gross area of 684,206 square feet.

This project provides for the complete renovation of the exterior ramp and maneuvering area which are elevated above railway lines serving the city. The work consists of repairing 30,000 square feet of paving, structural improvements to the supporting columns and beams, and waterproofing.

TENNESSEE

Nashville, Estes Kefauver Federal Building and Courthouse Annex...$4,616,000

This nine story building was constructed in 1952. It provides an occupiable area of 198,188 square feet and a gross area of 346,448 square feet.

This project provides for a total building fire sprinkler system, fire partitions, fire alarm system, emergency generator and lightning protection. The elevators will be upgraded and asbestos on piping will be removed and replaced with non-asbestos materials.

TEXAS

Dallas, Federal Building (Terminal Annex).........................$4,307,000

This five story building was constructed in 1937. It provides an occupiable area of 161,490 square feet and a gross area of 237,651 square feet.

This project will recapture vacant space on the third, fourth and fifth floors for use by agencies now in leased space. New heating, ventilating, air conditioning, plumbing, electrical, and lighting systems will be installed. In addition, two new passenger elevators and a raised flooring system will be installed.

El Paso, Ysleta, Border Station...................................$9,044,000

This project provides the final funding for the construction of a new border station. The station will consist of an administrative building for the U.S. Customs and Immigration and Naturalization, as well as commercial and noncommercial inspection facilities.

GSA was appropriated $7,757,000 in FY 1985 for this project. The amount includes $6,893,000 for new construction and $864,000 for design work. To continue the work, an additional $2,651,320 was authorized in FY 1988.

VIRGINIA

Arlington, Pentagon (Phase 1)...................................$35,500,000

This building was constructed in 1942. It provides a gross area of 6,546,360 square feet and an occupiable area of 3,796,308 square feet, and serves as the headquarters of the Department of Defense.

This request is the initial phase of a multi-year, long-term project to make significant infrastructure reinvestments in the building and support facilities. The building's equipment and systems will be replaced and space altered to support modern office environmental needs and tenant operating requirements. This request will provide funding for the upgrading of the building's electrical, plumbing, heating, ventilating and air-conditioning systems.

Portsmouth, Federal Building......................................$1,700,000

This nine story building was constructed in 1961. It provides an occupiable area of 101,930 square feet and a gross area of 137,340 square feet.

This project will recapture approximately 30,000 square feet of vacant space that will be backfilled by Department of the Navy personnel. The project will provide carpeting, tile, upgraded and new restrooms, ceilings, partitions, lighting, electrical and telephone outlets. An emergency generator, additional fire exits, window renovations, and heating, ventilating, and air-conditioning system will be improved. Fire sprinklers will be installed on the first floor.

Exhibit 54-4

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTIONS - FY 1991 NEW PROJECTS

WASHINGTON

Seattle, Federal Office Building..................................$17,932,000

This building was constructed in 1933. It provides an occupiable area of 186,295 square feet and a gross area of 314,780 square feet. The building is listed on the National Register of Historic Places.

This project will provide for the complete renovation of the building including repair of unique architectural features. The electrical, heating, ventilating, and air conditioning systems will be upgraded. The windows will be replaced. Seismic reinforcement will be provided and asbestos materials will be removed. Laboratory space vacated by the Food and Drug Administration will be converted into office space.

Spokane, Federal Building and Post Office..........................$5,071,000

This four story building was constructed in 1909. It provides an occupiable area of 78,510 square feet and a gross area of 125,275 square feet.

This project will provide for upgrading the building's electrical and plumbing systems, a passenger elevator, acoustic ceilings and lighting fixtures, and floor covering. A fire alarm system and an additional stairwell will be provided. An air-conditioning system will be installed. This project will also upgrade existing space and recapture vacant space at the Federal Building and Post Office in order to accommodate the overflow of Court expansion from the adjacent Courthouse.

DESIGN AND CONSTRUCTION SERVICES

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1989 ACTUAL		FY 1990 PROGRAM		FY 1991 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
578	$111,808	587	$200,229	587	$201,812	-	$1,583	-	$ 523	N/A	$1,060

BACKGROUND

The Design and Construction Services activity provides for design, management and inspection (M&I) of construction, repairs and alterations projects, and non-project-specific technical services. This includes the full range of design and construction services required by the Public Buildings Service (PBS) incident to projects approved under the Public Buildings Act of 1959, as amended, and all related costs such as travel, printing, advertising, and defense of claims against the Government.

The definitions of the three major functions within the Design and Construction Services activity follow:

- Design is a combined narrative and graphic representation of a renovation or restoration of an existing facility or construction of a new facility. The design process includes development of detailed plans, specifications, and drawings which are ultimately marketed for construction award to a responsible contractor; evaluation of soil conditions; and other required surveys and tests.

- Management and Inspection (M&I) is the physical examination of the quantity and quality of materials and workmanship put in place at a construction site to ensure conformance with contract requirements. This function includes project review to ensure adherence to procurement regulations; safety program enforcement; determination of contract modification needs; development of cost and time estimates; and the evaluation of construction progress to determine contractor payments.

- Technical Services provides for planning and administration of the PBS capital improvements program including building purchase and installment acquisition, as well as inspections, surveys, preliminary planning, and scope development.

Site acquisition costs and construction ("brick and mortar") costs are not financed by this activity. Reimbursable services provided to other agencies for transfer construction and reimbursable work authorizations are shown in the Design and Construction subactivity of the Reimbursable Program.

DESIGN AND CONSTRUCTION SERVICES

(Dollars in Thousands)

JUSTIFICATION

The Design and Construction Services activity New Obligational Authority (NOA) requested for FY 1991 is $176,403 thousand. Funding totaling $26,540 thousand is required in support of the Construction and Acquisition of Facilities program. This request includes Management and Inspection (M&I) funding for: (1) John E. Moss Federal Building-U.S. Courthouse Extension, Sacramento, CA ($500 thousand); (2) U.S. Court, Kansas City, KS ($2,116 thousand); (3) U.S. Court, Alexandria, VA ($3,010 thousand); (4) U.S. Court, Prince George's County, MD ($1,640 thousand); and (5) Escalation of the Post-Office Court Annex, Camden, NJ ($833 thousand) which includes additional design funding. This request also includes total design and management and inspection funding for three other U.S. Courts' projects: (1) Annex, Portland, OR ($4,710 thousand); (2) White Plains, NY ($3,418 thousand); and (3) Minneapolis, MN ($5,759 thousand); as well as the United States Geological Survey Office and Laboratory buildings, Menlo Park, CA ($3,399 thousand). Included in this request is design funding only for the Court Annex, Charlotte Amalie, USVI ($478 thousand). It further includes funding for the design and M&I of non-prospectus level construction projects ($677 thousand).

In support of the Repairs and Alterations program, this request provides $27,392 thousand to fund the estimated design cost of 21 line item projects for which construction funding will be requested in future years; $22,254 thousand to fund estimated M&I obligations for 28 line item projects for which construction funding is requested in FY 1991. For the non-line item R&A program (design and M&I), $46,388 thousand is required in FY 1991.

Funding of $475 thousand is requested for GSA support to the Pennsylvania Avenue Development Corporation (PADC). These funds will provide for special consultants services, security, parking, and transportation studies. Funding in the amount of $32,533 thousand is required for additional design and M&I funds for prior year Construction, Repairs and Alterations and Lease Purchase projects. Costs related to technical services are $20,021 thousand.

The following exhibits contain further information regarding the Design and Construction Services Program:

EXHIBIT 90-1:	Analysis of Budget Authority and Obligational Level
EXHIBIT 90-2:	Summary of New Obligational Authority
EXHIBIT 90-3:	Descriptions of Repairs and Alterations and New Construction Projects Scheduled for Design

EXHIBIT 90-1

DESIGN AND CONSTRUCTION SERVICES

ANALYSIS OF BUDGET AUTHORITY AND OBLIGATIONAL LEVELS
(Dollars in Thousands)

	FY 1989	FY 1990	FY 1991	Future Years
Unobligated Balance Available Start-of-Year	$74,256	$102,916	$48,989	$23,580
International Cultural and Trade Center	-255 1/			
New Obligational Authority	133,636	146,302	176,403	-
Total Obligational Authority	$207,637	$249,218	$225,392	$23,580
Obligations Against Projects Authorized Prior to FY 1989	32,187	29,443	19,713	-
Obligations Against FY 1989 Projects	79,621	43,747	6,852	3,161
Obligations Against FY 1990 Projects	-	127,039	14,348	4,915
Obligations Against FY 1991 Projects	-	-	160,899	15,504
Total Obligations (-)	111,808	200,229	201,812	23,580
Prior Year Recoveries	7,087	-	-	-
Unobligated Balance Available End-of-Year	$102,916	$48,989	$23,580	-

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1/ FUNDS TRANSFERRED TO THE PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION FOR ICTC PROJECT.

DESIGN AND CONSTRUCTION SERVICES

SUMMARY OF NEW OBLIGATIONAL AUTHORITY BY PROGRAM AND PROJECT

(Dollars in Thousands)

	TOTAL DESIGN	TOTAL MGMT/INSP	FY 1991 REQUEST
NON-LINE ITEM PROGRAM	25,014	21,374	46,388
TECHNICAL SERVICES	20,821	0	20,821
PA AV DEVELOPMENT CORP (PADC)	475	0	475
PRIOR YEARS PROJECTS	16,840	15,693	32,533
FY 1991 NEW CONSTRUCTION:			
CAMDEN, NJ, PO-CT ANNEX (Escalation)	63	770	833
SACRAMENTO, CA, J E MOSS FB-CT (Ext)	0	500	500
KANSAS CITY, KS, CT	0	2,116	2,116
ALEXANDRIA, VA, CT	0	3,010	3,010
PRINCE GEORGE'S COUNTY, MD, CT	0	1,640	1,640
MENLO PARK, CA, USGS OFFICE/LAB BLDGS	1,660	1,739	3,399
PORTLAND, OR, CT ANNEX	2,347	2,363	4,710
WHITE PLAINS, NY, CT	1,662	1,756	3,418
MINNEAPOLIS, MN, CT	3,106	2,653	5,759
CHARLOTTE AMALIE, USVI, CT ANNEX	478	0	478
NON-PROSPECTUS PROJECTS	363	314	677
NEW CONSTRUCTION	9,679	16,861	26,540

R&A PROJECTS SCHEDULED FOR DESIGN IN FY 1991:	TOTAL DESIGN	TOTAL MGMT/INSP	FY 1991 REQUEST
BUFFALO, NY, MICHAEL J DILLON FB/CT	457	0	457
WASHINGTON, DC, STATE DEPARTMENT	5,866	0	2,216
WORCESTER, MA, H D DONAHUE FB/CT	811	0	811
GALVESTON, TX, PO/CT	342	0	342
LOS ANGELES, CA, 300 NO. LA, FB	2,251	0	2,251
LOUISVILLE, KY, FB (600 MLK JR PL)	1,223	0	1,223
SANTA ROSA, CA, FB	178	0	178
NEW YORK, NY, BOWLING GREEN CU	1,225	0	1,225
SAN ANTONIO, TX, FB	443	0	443
PASADENA, CA, CT OF APPEALS & FB	618	0	618
WASHINGTON, DC, AGRICULTURE ADMIN	643	0	643
HARTFORD, CT, W R COTTER FB	390	0	390
SALT LAKE CITY, UT, PO/CT	460	0	460
BILLINGS, MT, FB/CT	319	0	319
ALBUQUERQUE, NM, DENNIS CHAVEZ FB	308	0	308
SACRAMENTO, CA, FB, 801 I STREET	841	0	841
SALT LAKE CITY, UT, W F BENNETT FB	341	0	341
WASHINGTON, DC, F PERKINS DOL BLDG	710	0	710
BALTIMORE, MD, CUSTOMHOUSE	982	0	982
KNOXVILLE, TN, PO/CT	564	0	564
ARLINGTON, VA, PENTAGON COMPLEX	12,000	0	12,000
R&A DESIGN (21 PROJECTS):	31,042	0	27,392

R&A PROJECTS SCHEDULED FOR CONSTRUCTION IN FY 1991:	TOTAL DESIGN	TOTAL MGMT/INSP	FY 1991 REQUEST
PHILADELPHIA, PA, CUSTOMHOUSE	0	1,529	1,529
OKLAHOMA CITY, OK, PO/CT	0	939	939
WASHINGTON, DC, VETERANS ADMINISTRATION	0	1,600	1,600
CHICAGO, IL, EVERETT M DIRKSEN BLDG (PH 2)	0	2,473	2,473
ATLANTA, GA, RICHARD B RUSSELL FB/CT	0	310	310
NEW YORK, NY, BOWLING GREEN CUSTOMHOUSE	0	400	400
SAN DIEGO, CA, FB/CT	0	666	666
WASHINGTON, DC AREA - ELEVATORS	0	1,384	1,384
AGRICULTURE SOUTH	0	(411)	(411)
FOB 10A	0	(199)	(199)
GSA ROB	0	(237)	(237)
FRANCES PERKINS DOL BLDG	0	(537)	(537)
CHICAGO, IL, CUSTOMHOUSE (PH 2)	0	837	837
NASHVILLE, TN, ESTES KEFAUVER FB/CT	0	392	392
NEW YORK, NY, JACOB K JAVITS FB	0	1,092	1,092
PITTSBURGH, PA, PO/CT	0	230	230
SACRAMENTO, CA, JOHN E MOSS FB/CT	0	916	916
NEWARK, NJ, PETER W RODINO, JR FB	0	327	327
LAKEWOOD, CO, DFC, BLDG 56	0	728	728
CHICAGO, IL, FB, 536 CLARK ST (PH 2)	0	524	524
WASHINGTON, DC, HUBERT H HUMPHREY FB	0	500	500
SPOKANE, WA, FB/PO	0	440	440
ARLINGTON, VA, PENTAGON	0	2,325	2,325
PORTSMOUTH, VA, FB	0	167	167
SEATTLE, WA, FOB, 909 FIRST ST	0	1,445	1,445
DALLAS, TX, FB-TERMINAL ANNEX	0	382	382
ROCHESTER, NY, KENNETH B KEATING FB	0	187	187
INDIANAPOLIS, IN, FB/CT	0	341	341
SAN FRANCISCO, CA, APPRAISERS BUILDING	0	354	354
SAN FRANCISCO, CA, CUSTOMHOUSE	0	800	800
ST PAUL, MN, WARREN E BURGER FB/CT	0	627	627
BROOKLYN, NY, EMANUEL CELLER FB/CT (PH 2)	0	339	339
R&A CONSTRUCTION (28 PROJECTS)	0	22,254	22,254
TOTAL FY 1991 REQUEST FOR NEW OBLIGATIONAL AUTHORITY:			176,403

Exhibit 90-3

DESIGN AND CONSTRUCTION SERVICES

REPAIRS AND ALTERATIONS PROJECT DESCRIPTIONS SCHEDULED FOR FY 1991 DESIGN

CALIFORNIA

Los Angeles, Federal Building, 300 North Los Angeles...........$2,251,000

This 8 story building, constructed in 1965, provides a gross area of 1,228,569 square feet and an occupiable area of 748,225 square feet.

This project will recapture vacant Bankruptcy Court space and convert it into general office space. The renovation of this vacant space will include repair or replacement of floor coverings, ceilings, light fixtures, wall coverings and partition relocations. Mechanical, electrical and plumbing systems will be upgraded and the manual HVAC controls will be replaced with an automatic centralized control system. Some asbestos encapsulation or abatement measures will be required during construction. Both structural and nonstructural seismic support will be provided.

Pasadena, U.S. Court of Appeals and Federal Building.............$616,000

This 6 story building, constructed in 1920, provides a gross area of 162,792 square feet and an occupiable area of 102,667 square feet. This building is listed on the National Register of Historic Places.

This project will provide for the conversion of space and the recapture of vacant unfinished areas on the upper floors of this building. The upper floors will provide chambers for 5 resident judges and 10 nonresident judges. A heating, ventilating and air-conditioning (HVAC) distribution system will be installed on the unfinished floors and the total HVAC system will be balanced. Landscaping and upgrading of the parking area to provide 40 additional parking spaces will be accomplished. Additional seismic support will also be provided.

Sacramento, Federal Building, 801 I Street........................$841,000

This 5 story building, constructed in 1933, provides a gross area of 182,275 square feet and an occupiable area of 124,693 square feet. This building is listed in the National Register of Historic Places.

This project will improve fire and life safety conditions by providing a standpipe system and sprinkler protection for the entire building. The building will be structurally reinforced to meet seismic requirements. All mechanical systems will be upgraded. Space alterations will provide for the backfill of vacant space by agencies currently housed in leased space.

Santa Rosa, Federal Building......................................$178,000

This 3 story building, constructed in 1975, provides a gross area of 67,108 square feet and an occupiable area of 48,984 square feet.

This project will provide for the conversion of 17,000 square feet of vacant space into two Bankruptcy courtrooms, judges chambers and ancillary facilities. Approximately 2,600 square feet of this space will be converted into general office space for other agencies. The project includes the installation of ceilings, partitions, floor coverings and lights. Building mechanical and electrical support systems will be adjusted as required.

CONNECTICUT

Hartford, William R. Cotter Federal Building.....................$380,000

This 4 story building, constructed in 1933, provides a gross area of 166,150 square feet and an occupiable area of 113,000 square feet. This building is listed on the National Register of Historic Places.

This project will provide for the upgrading of the heating, ventilation, air-conditioning and electrical systems. In addition, it will provide for the upgrading of the plumbing system.

Exhibit 90-3

DESIGN AND CONSTRUCTION SERVICES

REPAIRS AND ALTERATIONS PROJECT DESCRIPTIONS SCHEDULED FOR FY 1991 DESIGN

DISTRICT OF COLUMBIA

Agriculture Administration Building..............................$643,000

This 7 story building, constructed in 1907, provides a gross area of 381,244 square feet and an occupiable area of 198,731 square feet.

This project will provide for the installation of a sprinkler system, modifications to the alarm system, repair of ceilings, and the replacement of light fixtures. Asbestos insulation on pipes, duct work, and in the mechanical equipment rooms will be removed and replaced with new thermal insulation.

Frances Perkins Department of Labor Building......................$710,000

This 6 story building, constructed in 1974, provides a gross area of 1,945,204 square feet and an occupiable area of 932,979 square feet.

This project provides for the installation of a total building sprinkler system, modification of the alarm system, repair of ceilings and the replacement of light fixtures.

State Department Building.......................................$2,216,000

This 9 story building, originally constructed in 1939 with an annex to the structure built in 1960, provides a gross area of 2,598,735 square feet and an occupiable area of 1,432,705 square feet, excluding 181,100 square feet of inside parking.

This project proposes a total modernization of the original portion of the building and upgrading of selected systems and parts of the annex. It will provide for upgrading to the restrooms, heating, ventilation and air-conditioning, and electrical systems. This project will provide for architectural modifications to support the new systems, installation of a sprinkler system as well as the removal of asbestos from the piping, mechancial equipment, perimeter walls and ceilings.

KENTUCKY

Louisville, Federal Building..................................$1,223,000

This 10 story building, constructed in 1969, provides a gross area of 449,683 square feet and an occupiable area of 322,636 square feet.

This project will provide for a building sprinkler system and upgrading of office space, building systems, elevators, and the cafeteria, installation of an energy management system, new ceiling system, and replacement of windows as well as the removal of asbestos from the piping, water heater stack and from the tenth floor.

MARYLAND

Baltimore, US Customhouse..$982,000

This 6 story building, constructed in 1907, provides a gross area of 172,400 square feet and an occupiable area of 86,120 square fect. This building is listed on the National Register of Historic Places.

This project will accomplish office space alterations which include new partitions, ceilings, flooring, lights and electrical outlets. Planned work also includes installation of an electronic security system; installation of central air-conditioning including chillers, cooling tower, and pumps and the replacement of steamlines; installation of temperature controls, air distribution system, and new radiators; installation of fire stairs, fire rated doors, a new fire/smoke alarm system and fire sprinklers on the first floor; upgrading of the electrical distribution system and an emergency generator; and upgrading of passenger and freight elevators. Renovation of restrooms.

Exhibit 90-3

DESIGN AND CONSTRUCTION SERVICES

REPAIRS AND ALTERATIONS PROJECT DESCRIPTIONS SCHEDULED FOR FY 1991 DESIGN

MASSACHUSETTS

Worcester, Harold D. Donahue Federal Building/Courthouse.........$811,000

This 5 story building, constructed in 1932, provides a gross area of 67,857 square feet and an occupiable area of 50,701 square feet.

This project will provide for three courtrooms (District, Bankruptcy, Magistrate), ancillary facilities, and a security elevator. Planned work includes upgrading of the heating, ventilation, air-conditioning, electrical, and plumbing systems; and installation of inside storm windows and repair of existing windows. Elevators will be upgraded and will be provided with automatic fireman recall and handicap facilities. The project also includes replacement of the standpipe system and construction of an additional stairway. Asbestos will be removed or encapsulated throughout the mechanical and piping systems.

MONTANA

Billings, Federal Building/Courthouse............................$319,000

This 5 story building, constructed in 1965, provides a gross area of 218,307 square feet and an occupiable area of 132,564 square feet.

This project will provide for the installation of a fire sprinkler system in the basement and first floor. Electrical switchboards and panels will be replaced and air-conditioning system upgraded. Steam boilers will be replaced with hot water boilers. Elevators will be upgraded and handicap accessibility facilities improved. Exposed asbestos and asbestos contacted during construction will be removed.

NEW MEXICO

Albuquerque, Dennis Chavez Federal Building......................$388,000

This 14 story building, constructed in 1965, provides a gross area of 348,361 square feet and an occupiable area of 234,021 square feet.

This project will upgrade the heating, ventilation and air-conditioning systems. Six passenger elevators will be replaced. Structural and nonstructural seismic support will also be provided.

New York

Buffalo, Michael J. Dillon Federal Building/Courthouse...........$457,000

This 7 story building, constructed in 1936, provides a gross area of 182,210 square feet and an occupiable area of 112,914 square feet.

This project will provide for the construction of a District courtroom and chambers in existing postal space which is being reduced in size. Planned work includes construction of a Magistrate's Hearing room and chambers on the 4th floor; replacement of all steam and condensation piping, installation of shut-off valves and new steam traps which includes some asbestos abatement; replacement of existing metal-frame windows with aluminum ones; installation of a two-way voice fire communication alarm system; and modification of the existing fire alarm system on the first floor.

New York City, Bowling Green Customhouse........................$1,225,000

This 9 story building, constructed in 1907, provides a gross area of 367,933 square feet and an occupiable area of 202,000 square feet. This building is listed in the National Register of Historic Places.

This project provides for a Bankruptcy courtroom and ancillary facilities. Planned work includes alteration of interior space for office space which includes new partitions, ceilings, flooring, lights and electrical outlets; construction of new restrooms and an auditorium; installation of an air distribution system, air handler units and controls; installation of fire sprinklers and a fire alarm system which will tie-in to the existing system; and restoration of interior and exterior historic features and art work.

Exhibit 90-3

DESIGN AND CONSTRUCTION SERVICES

REPAIRS AND ALTERATIONS PROJECT DESCRIPTIONS SCHEDULED FOR FY 1991 DESIGN

TENNESSEE

Knoxville, U.S. Post Office - Courthouse..........................$564,000

This 3 story building plus basement, constructed in 1934, provides a gross area of 127,821 square feet and an occupiable area of 82,541 square feet.

This project will provide additional court and office space in addition to upgrading and installing building support systems. Three new courtrooms, judges' chambers, and ancillary facilities will be constructed in space to be vacated by the USPS. Existing office space throughout the building will be upgraded with new fixtures, equipment, and piping. Handicapped accessibility features will be provided in the restrooms and the building's entrance.

The fire and lifesafety improvements will include a fire sprinkler system in the basement, provision of safe egress, and upgrading of the fire alarm and exit lights. Asbestos insulation materials on mechanical equipment and piping will be replaced. Two new elevators and associated operating equipment will be installed. The air-conditioning system will be upgraded including the chillers, cooling tower, controls, and ductwork.

TEXAS

Galveston, Post Office - Courthouse..............................$342,000

This 7 story building, constructed in 1937, provides a gross area of 110,231 square feet and an occupiable area of 66,246 square feet.

This project provides for the installation of a total building fire sprinkler system and replacement of the existing fire alarm system, replacement of ceilings and lighting systems, and upgrading of all building systems including plumbing, electrical, heating and air-conditioning. Additional handicapped facilities will be provided throughout the building.

San Antonio, Federal Building....................................$443,000

This 7 story building, constructed in 1975, provides a gross area of 159,948 square feet and an occupiable area of 116,762 square feet.

This project will provide for the installation of a total building fire sprinkler and alarm system, upgrading of the electrical, heating, air-conditioning and elevator systems, replacement of existing ceiling and lighting systems, and expansion of handicapped accessibility provisions.

UTAH

Salt Lake City, Wallace F. Bennett Federal Building..............$341,000

This 8 story building, constructed in 1964, provides a gross area of 365,795 square feet and an occupiable area of 246,985 square feet.

This project will modernize the building interior with the replacement of the existing ceiling, light fixtures and floor covering. Several components of the heating, ventilation, and air-conditioning system will be replaced. Both structural and nonstructural seismic support will be provided. The electrical, fire safety and plumbing systems will also be upgraded.

Salt Lake City, Post Office-Courthouse............................$460,000

This 5 story building, constructed in 1905 with additions in 1912 and 1932, provides a gross area of 233,290 square feet and an occupiable area of 139,120 square feet.

This project will provide for the upgrading of corridors, office space and restrooms. Both structural and nonstructural seismic support modification will be accomplished. In addition, the project will include upgrading of plumbing, electrical, heating, and air-conditioning systems; and installation of a fire sprinkler system and replacement of the fire alarm system. Exterior stone work will be repaired. Asbestos abatement will be accomplished during the course of the renovation.

Exhibit 90-3

DESIGN AND CONSTRUCTION SERVICES

REPAIRS AND ALTERATIONS PROJECT DESCRIPTIONS SCHEDULED FOR FY 1991 DESIGN

VIRGINIA

Arlington, Pentagon Complex....................................$12,000,000

This building was constructed in 1942. It provides a gross area of 6,546,360 square feet and an occupiable area of 3,796,308 square feet. This polygonal building serves as the headquarters of the Department of Defense.

This project provides for the preparation of the Environmental Impact Statement and master planning, and for the programming of swing space requirements. In addition, it provides for the design of improvements to to the Virginia Heating Plant, the design of a new service building and design development for the project through a Prospectus Development Study.

NEW CONSTRUCTION PROJECT SCHEDULED FOR FY 1991 DESIGN

UNITED STATES VIRGIN ISLANDS

Charlotte Amalie, U.S. Court Annex...............................$478,000

This project proposes the construction of an annex to the existing U.S. Courthouse and Federal Building containing approximately 15,225 occupiable square feet. This building will accommodate the expansion requirements of the U.S. District Court and the U.S. Appeals Court.

INSTALLMENT ACQUISITION PAYMENTS

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
-	$120,893	-	$126,752	-	$136,579	-	$9,827	-	$5,500	-	$4,327

BACKGROUND

This activity has historically funded the financing of Purchase Contracts authorized by the Public Buildings Amendments of 1972. Commencing in FY 1991, it also includes lease purchase arrangements currently authorized by Congress.

The Public Buildings Amendments of 1972 enabled GSA to enter into contractual arrangements for the construction of a backlog of approved but unfunded projects. The purchase contracts require the Government to make periodic payments on these facilities over varying periods until title is transferred to the Government. This activity provides for the payment of principal, interest, taxes and other required obligations related to facilities acquired pursuant to the Public Buildings Amendments of 1972 (40 U.S.C. 602a). Sixty-eight buildings were constructed through purchase contract arrangements; six will have been prepaid at the end of fiscal year 1990.

The purchase contract method of construction has utilized two systems of financing - the Package System and the Dual System.

Under the Package System of financing, the successful bidder was required to finance and construct the facility and, upon completion, transfer the improvements to the Government for the purchase price. This purchase price was amortized over a thirty-year term through semi-annual payments by the Government, including interest at the contractor's bid rate. This system was used for twenty-three small projects constructed under the Public Buildings Amendments of 1972. Payments of principal, interest, and taxes on package system projects began after construction was substantially completed and the purchase contract was consummated (i.e., the date of the purchase contract). The first payment of principal and interest became due six months thereafter, with semi-annual installments paid over a term of thirty years.

The Dual System of financing involved separate contracting for construction and financing. Construction contracting was done in the same way as under direct Federal construction; however, to secure the necessary financing, a trust was established. Pursuant to an indenture between GSA and the trustee, certificates were competitively bid and sold to securities underwriters. In order to achieve favorable market acceptance, several projects were grouped under each indenture, and payments of principal and interest were made on each group of projects over a thirty-year term. Certificates were sold to security underwriters to finance the construction of twenty-nine buildings.

For Dual System projects, the date of the purchase contract is the date of the initial financing or commitment, and the term is thirty years. Under this system, taxes are paid from the Federal Buildings Fund from the beginning of the construction period until such time as title to the building is transferred to the Government. However, interest and administrative expenses during the construction period were paid directly from the proceeds of the sale of participation certificates. At a

INSTALLMENT ACQUISITION PAYMENTS
(Dollars in Thousands)

predetermined date, the purchase contract price for each group of projects (which includes all project costs plus capitalized interest) is amortized over the remaining life of the purchase contract according to an established sinking fund.

A variation of the Dual System has been incorporated in financing arrangements with the Federal Financing Bank (FFB), which provided for the construction of an additional sixteen buildings. Under this variation, a commitment was made by the FFB at the initial date of the purchase contract. This commitment was drawn down monthly as funds were required for each project. This procedure eliminated carrying costs associated with investing unused funds, and thus reduced the total cost of the purchase contract financing.

Principal payments to the Federal Financing Bank (FFB) for repayment of Purchase Contract loans are treated as repayment of agency borrowings from the FFB. Such repayments are not recorded as an obligation and outlay of the Federal Buildings Fund (FBF); but, instead, are recorded as a non-expenditure transfer from the unobligated balance of the FBF. Legislation has been approved by the Congress which authorizes the Administrator of GSA to transfer funds from the FBF to repay the principal amount of agency borrowings from the FFB. Therefore, new obligational authority for principal payments to the FFB is not required.

This activity also provides for the payment of principal, interest and other required obligations related to facilities acquired by installment (lease) purchase arrangements. Since 1987 Congress has authorized GSA to enter into twelve installment purchase arrangements. The installment purchase arrangements require the Government to make periodic payments on these facilities over varying periods. The first of these facilities to be occupied is the new Federal Building located in Chicago, Illinois. Payments on this facility are scheduled to commence in FY 1991.

JUSTIFICATION

A. HIGHLIGHT

FY 1991 resources will be obligated for:

1. Payment of principal, interest and taxes ($9,080 thousand) on seventeen package system purchase contracts authorized by the Public Buildings Amendments of 1972.

2. Payment of principal and interest ($100,827 thousand) on seven Public Buildings Purchase Contract and Trust Indentures authorized by the Public Buildings Amendments of 1972 (Dual System) including interest on FFB borrowings of $30,045 thousand.

3. Payment of trustee fees and other administrative expenses ($125 thousand) related to seven Public Building Purchase Contract Trust Indentures authorized by the Public Buildings Amendments of 1972 (Dual System).

4. Payment of taxes ($21,047 thousand) on twenty-six Purchase Contract projects authorized by the Public Buildings Amendments of 1972 (Dual System).

5. Payment of principal and interest ($5,500 thousand) on one Installment Purchase project authorized by P. L. 99-591.

A non-expenditure (i.e., no obligation or outlay) transfer of $12,200 thousand will be made to the FFB for repayment of principal of loans.

INSTALLMENT ACQUISITION PAYMENTS
(Dollars in Thousands)

The principal balances remaining to be retired after FY 1991 are: (a) Purchase Contracts - Federal Financing Bank (FFB) ($355,051 thousand), (b) Purchase Contracts - Non-Federal Financing Bank ($428,444 thousand) and (c) Installment (Lease) Purchase ($164,840 thousand) for a total of $948,335 thousand.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

A net increase of $9,827 thousand in FY 1991:

1. Program Changes ($5,500 thousand)

a. An increase of $5,500 thousands for principal and interest payments. This reflects the part-year principal and interest payments on the new Federal Building located in Chicago, Illinois which will be constructed under an installment purchase arrangement. Payments on this facility are scheduled to commence July 30, 1991. The new facility will consist of 600 thousand occupiable square feet adjacent to the existing Federal Center. Annual payments are estimated to be approximately $22,000 thousand.

2. Other Changes ($4,327 thousand)

a. A net increase of $5,105 thousand for principal payments. This net increase includes: (a) change in mandatory redemptions under the Dual System from FY 1990 levels ($4,926 thousand); and (b) Dual and Package System fixed payments based on amortization schedules that cause the interest to decrease and the principal to increase with each payment ($179 thousand).

b. A decrease of $3,302 thousand for interest. As principal payments increase and total principal outstanding declines there is a proportionate decline in interest payments.

c. An increase of $2,524 thousand for taxes. This reflects revised tax rates for state and local taxes.

The following exhibits contain further information regarding the Installment Acquisition Payments Program:

Exhibit 52-1 Summary of Installment Acquisition Costs

Exhibit 52-1

INSTALLMENT ACQUISITION PAYMENTS

(Dollars in Thousands)

SUMMARY OF INSTALLMENT ACQUISITION COSTS

	FY 1989			FY 1990			FY 1991			
	PURCHASE CONTRACTS	INSTALL. PURCHASE	TOTAL	PURCHASE CONTRACTS	INSTALL. PURCHASE	TOTAL	PURCHASE CONTRACTS	INSTALL. PURCHASE	TOTAL	CHANGE 1990 - 1991
PRINCIPAL	$ 23,193	-	$ 23,193	$ 30,377	-	$30,377	$35,482	$221	$35,703	$5,326
INTEREST	78,914	-	78,914	75,569	-	75,569	72,267	5,279	77,546	1,977
TAXES	18,743	-	18,743	20,681	-	20,681	23,205	-	23,205	2,524
ADMIN FEE	43	-	43	125	-	125	125	-	125	-
TOTAL OBLIGATIONS	$120,893	-	$120,893	$126,752	-	$126,752	$131,079	$ 5,500	$136,579	$9,827
NON-EXPENDITURE TRANSFERS - FFB	$9,382	-	$9,382	$10,758	-	$10,758	$12,260	-	$12,260	$1,502 1/
# OF PROJS	62	-	62	62	-	62	62	1	63	-

1/ Repayment of principal of loans financed by the FFB are not recorded as an obligation and outlay of the FBF; but, instead, are recorded as a non-expenditure transfer from the unobligated balance of the FBF. Legislation has been approved which authorizes GSA to transfer funds from the FBF to repay borrowings from the FFB. Therefore, new obligational authority for principal payments to the FFB is not required.

RENTAL OF SPACE
(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
-	$1,176,247	-	$1,327,336	-	$1,534,300	-	$206,964	-	$91,161	-	$115,803

BACKGROUND

The General Services Administration (GSA) is responsible for leasing general purpose space and land incident thereto for Federal agencies, except for cases where GSA has delegated its leasing authority (e.g., the Departments of Agriculture, Commerce, Veterans Affairs, and Defense). GSA's policy is to lease privately-owned buildings and land only when: (1) Federal space needs cannot be otherwise accommodated satisfactorily in existing Government-owned or leased space; (2) leasing proves to be more efficient than the construction or alteration of a Federal building; (3) construction or alteration is not warranted because requirements in the community are insufficient or are indefinite in scope or duration; or (4) completion of a new Federal building within a reasonable time cannot be assured.

Since 1975 the inventory of GSA-controlled leased space has increased 11.0 million square feet, or 13%, while the cost of that space has tripled. The expiration of long-term (10 to 20 years) leases that were made at favorable rates during the 1960's and early 1970's is causing rental costs to escalate significantly. The impact of these renegotiations is particularly severe in FY 1990. This trend is expected to continue through FY 1991 and the out-years.

Unless significant reductions are made to the leased space inventory, the Rental of Space budget will reach $2 billion by the mid to late 1990's.

CURRENT INITIATIVES TO REDUCE LEASED SPACE COSTS

Reduction of leasing costs is one of GSA's primary objectives. GSA has undertaken several broad initiatives to achieve this objective:

- Replacement of leased space with Government-owned space in those geographic locations where economically justified through:
  - Recapture of vacant Government-owned space through renovation;
  - Direct Federal Construction;
  - Building Purchase; and
  - Installment Purchase Agreements
- Reduction of the leased space inventory by more efficient utilization of existing space. Programs have included:
  - The targeting of Repairs and Alterations resources for projects that will result in improved utilization rates;
  - Providing space planning services to selected agencies that wish to reduce their space utilization rates (GSA also offers a mechanism by which agencies may lease space-efficient systems furniture);

RENTAL OF SPACE

(Dollars in Thousands)

- The development of space assignment criteria under Federal Property Management Temporary Regulation D-73; and
- The replacement of D-73 with a permanent FPMR will ensure efficient assignment of space by use of enhanced professional methods and techniques to develop agency needs and focus on appropriate allocation of space.

• Identification and disposal of unnecessary space. Programs include:

- Warehouse consolidation;
- Reduction of storage requirements; and
- Delegation of authority to agencies for the procurement of parking space, outleasing, and negotiation of leases that will allow for the "turnback" of vacant space.

To the extent that the paybacks from these initiatives can be reasonably projected, they have been reflected in the estimates for the Rental of Space activity.

JUSTIFICATION OF FY 1991 REQUEST

A. HIGHLIGHT. New Obligational Authority (NOA) in the amount of $1,534,300 thousand is requested for FY 1991. Funding at this level will allow GSA to satisfy all new FY 1991 requirements. For FY 1991, the budget reflects a net leased space inventory increase of 4,686 thousand square feet and a projected end-of-year inventory of 105,321 thousand square feet. Projected changes to the inventory include 2,576 thousand square feet in cancellations, 4,505 thousand square feet for tenant agency expansion and 2,757 thousand square feet for "Other" expansion requirements. The major requirements included in the "Other" category are: (1) relocation due to the disposal of the Federal Supply Service's Northeast depot (Belle-Mead); (2) relocation due to the disposal of other small projects; (3) temporary relocations associated with repair and alteration projects scheduled for FY 1991 construction award; and, (4) temporary expansion space due to health and safety projects.

The GSA inventory of space leased from the private sector is currently 94,113 thousand square feet (this excludes 2,703 thousand square feet of space in U.S. Postal Service buildings, which is otherwise considered as part of the leased inventory). The minimum rental payments for these leases over their remaining terms (or GSA's contractual commitment) is approximately $4.5 billion. This number does not reflect terminations, replacement or renewal of leases which will be necessary to meet the constantly changing needs of client agencies.

In conjunction with the President's real property management initiative, the Building Delegation Program has been expanded to include not only single tenant Government-owned but also single tenant leased buildings. Under this program, the delegatee agency is responsible for lease management as prescribed in the delegation agreement. GSA continues to budget directly within the Federal Buildings Fund for all delegated buildings. Each year obligational authority will be transferred to each participating agency to make rental payments to lessors in accordance with the provisions of the delegation agreements. The FY 1991 allocation to other agencies under the Building Delegation Program is $148,311 thousand.

This budget also reflects payments of: (1) $38,638 thousand to the U.S. Postal Service (USPS) for 2,703 thousand square feet of space occupied in USPS buildings by Federal agencies for which GSA is responsible for providing space; and, (2) $8,320 thousand for 1,236 thousand square feet for leases with purchase options upon final lease expiration (Geological Survey Headquarters, Reston, VA, Health and Human Services, Lima, OH, IRS Computer Center, Martinsburg, WV, and Brookhaven IRS Service Center, Holtsville, NY).

RENTAL OF SPACE

(Dollars in Thousands)

B. EXPLANATION OF CHANGES, FY 1990 VS. FY 1991

1. Program Changes. Increase of $91,161 thousand.

a. An increase of $46,346 thousand to annualize the cost of 5,880 thousand square feet of expansion space projected for delivery during FY 1990. This includes 487 thousand square feet of temporary expansion space required to house agencies as a result of repairs and alterations projects ($9,569 thousand).

b. An increase of $68,244 thousand for the part-year cost of 7,262 thousand square feet of expansion space projected for delivery during FY 1991. This includes:

- 601 thousand square feet of temporary expansion space required to house agencies during repairs and alterations projects ($11,601 thousand);

- 1,637 thousand square feet of projected expansion requirements associated with relocations due to: (1) the disposal of Federal Supply Service's Northeast depot in Belle-Mead ($9,565 thousand), (2) the disposal of other small projects ($2,476 thousand), (3) health and safety ($1,061 thousand), and (4) displacement by other agencies' expansion during FY 1991 ($2,963 thousand); and,

- 5,024 thousand square feet of expansion requirements that have been specifically defined by GSA client agencies ($40,578 thousand).

c. A decrease of $10,802 thousand to annualize the savings from projected FY 1990 cancellations of 2,061 thousand square feet. These cancellations include:

- 248 thousand square feet resulting from relocations to: (1) existing federal buildings (-$874 thousand), and (2) newly constructed federal buildings (-$239 thousand); and,

- 1,813 thousand square feet due to other changes in agency space requirements (-$9,689 thousand).

d. A decrease of $12,627 thousand for the part-year savings from projected FY 1991 cancellations of 2,576 thousand square feet. These cancellations include:

- 106 thousand square feet resulting from relocation to existing federal buildings (-$1,102 thousand); and,

- 2,470 thousand square feet due to other changes in agency space requirements (-$11,525 thousand).

2. Other Changes. Increase of $115,803 thousand.

An increase of $115,803 thousand for rental rate increases. This provides for the higher cost of existing leases which expire during FY 1990 or FY 1991 and must either be renewed, extended or replaced because no alternative exists for housing the agencies occupying this space. This also provides for escalator clauses in rental contracts which trigger automatic rent increases in the event of increases in operating costs and real estate taxes. Projected rental rate increases during FY 1990 and FY 1991 are significant due to: (1) the expiration of long-term leases in high-cost geographic areas; and (2) the requirement that replacement leased space meet current safety and handicapped standards. The amount requested reflects:

- The annualization of projected tax and operating cost increases of $.34 per square foot for 63,154 thousand square feet during FY 1990 ($7,592 thousand);

RENTAL OF SPACE

(Dollars in Thousands)

- The annualization of an average projected rate increase of $6.95 per square foot for 16,862 thousand square feet that will expire during FY 1990 ($65,832 thousand);

- The part-year cost of projected tax and operating cost increases of $.40 per square foot for 64,800 thousand square feet during FY 1991 ($15,645 thousand); and,

- The part-year cost of an average projected rate increase of $4.71 per square foot for 10,415 thousand square feet that will expire during FY 1991 ($26,734 thousand).

The following Exhibits contain further information regarding the Rental of Space activity:

Exhibit 53-1	Changes in Rental of Space
Exhibit 53-2	1991 Leased Inventory
Exhibit 53-3	1991 Funding
Exhibit 53-4	Obligations
Exhibit 53-5	GSA-Controlled Leased Space, Expansions and Cancellations
Exhibit 53-6	Average Rental Rate Per Square Foot
Exhibit 53-7	Average Rental Rates Paid to Lessors for Office Space
Exhibit 53-8	Lease Turnover Analysis
Exhibit 53-9	Space Inventory Related to FY 1991 Request
Exhibit 53-10	Workload Factors
Exhibit 53-11	Summary of Vacant Space, Total
Exhibit 53-12	Summary of Space Assigned, Total
Exhibit 53-13	Utilization Rates for GSA-Controlled Space
Exhibit 53-14	Rental of Space Savings Resulting from 1991 Capital Program
Exhibit 53-15	Impact of Temporary Leased Space for Repairs and Alterations Projects on Rental of Space Costs in 1991

CHANGES IN RENTAL OF SPACE
(IN THOUSANDS)
1990 - 1991

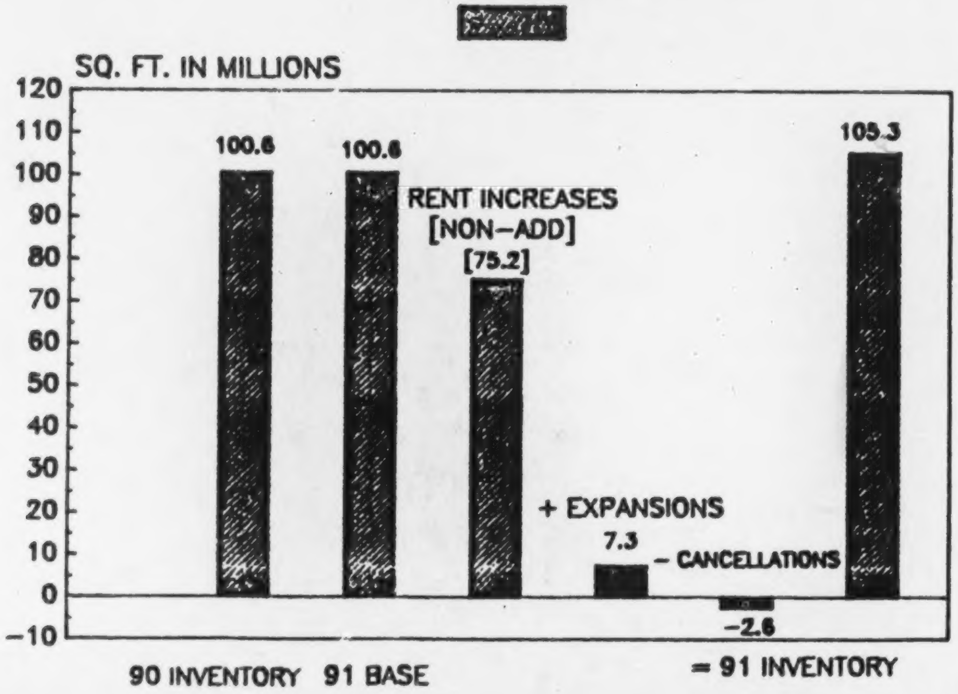
	SQ. FT.	OBLIGATIONS
1990 PROGRAM	100,635	$1,327,336
Adjustments to reflect 1991 obligations for rent increases that occurred during 1990 (tax & operating cost escalations, succeeding, replacement and renewal leases).	[80,016]	73,424
Adjustments to reflect 1991 savings from cancellations that occurred during 1990.	[2,061]	-10,802
Adjustments to reflect 1991 obligations for expansion that occurred during 1990.	[5,880]	46,346
1991 BASE	100,635	$1,436,304
1991 obligations for rent increases that will occur in 1991 (tax & operating cost escalations, succeeding, replacement and renewal leases).	[75,215]	42,379
1991 savings from cancellations that will occur during 1991.	-2,576	-12,627
1991 obligations for expansion projects that will occur during 1991.	7,262	68,244
1991 REQUEST	105,321	$1,534,300

NOTE: SQUARE FOOTAGES IN BRACKETS ARE NON-ADD; THEY RELATE TO SPACE ALREADY IN THE BASE-YEAR INVENTORY.

EXHIBIT 53-2

RENTAL OF SPACE

1991 LEASED INVENTORY



RP-61

RENTAL OF SPACE

1991 FUNDING

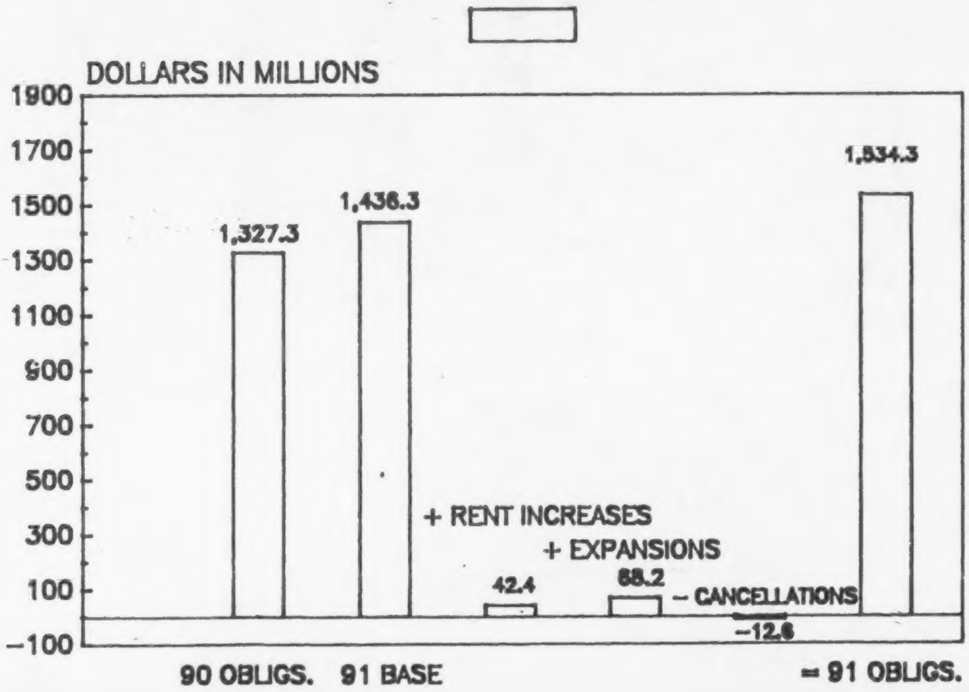


Exhibit 53-4

RENTAL OF SPACE
OBLIGATIONS

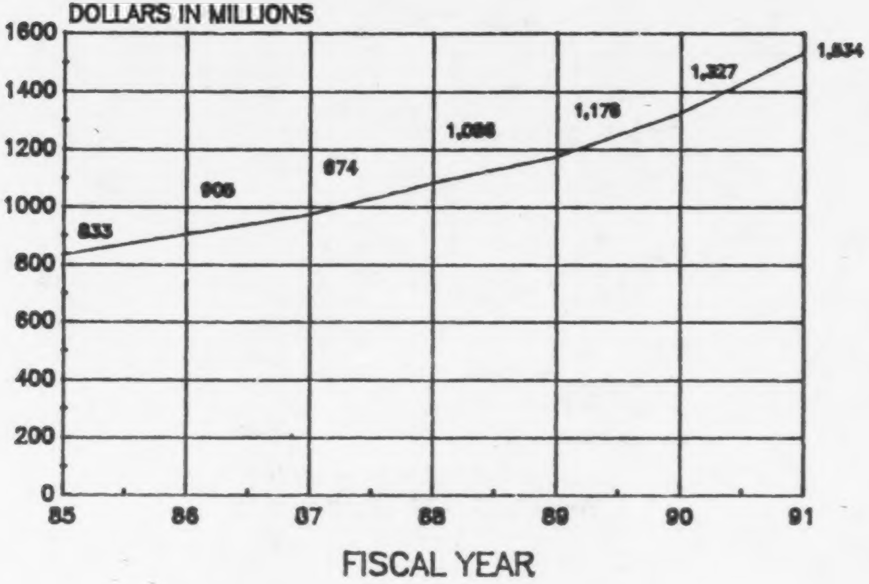


Exhibit 53-5

RENTAL OF SPACE

GSA–CONTROLLED LEASED SPACE
Expansions and Cancellations

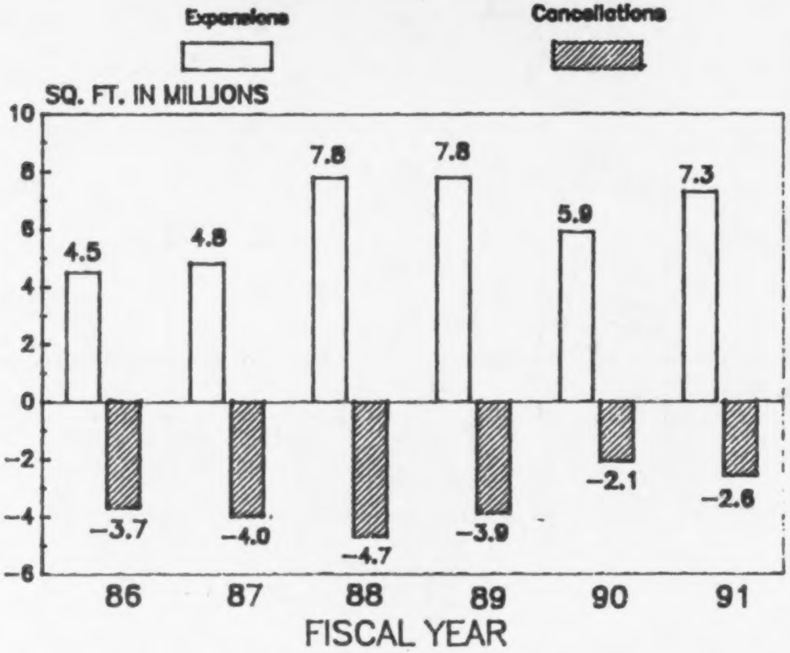
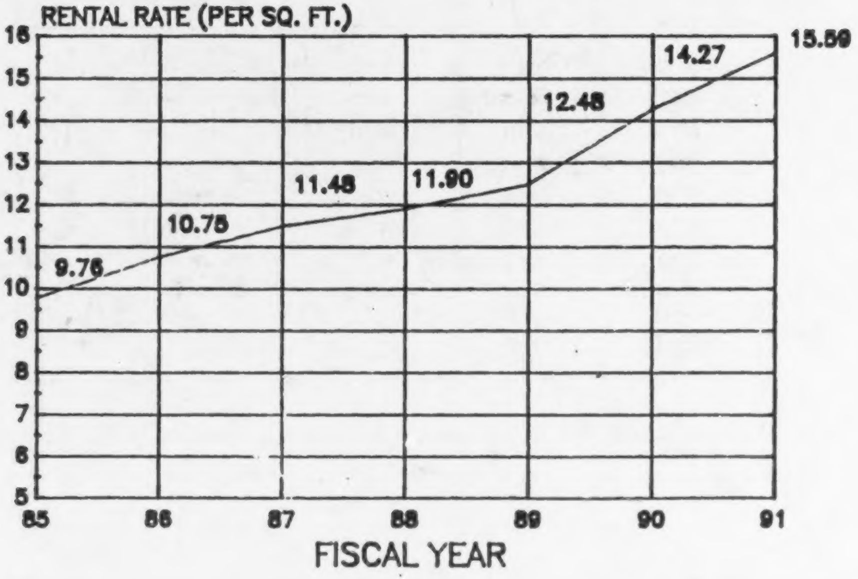


Exhibit 53-6

RENTAL OF SPACE

AVERAGE RENTAL RATE PER SQUARE FOOT



RENTAL OF SPACE

AVERAGE RENTAL RATES PAID TO LESSORS FOR OFFICE SPACE
1989 - 1991

Region	CITY	1989 ACTUAL	1990 PROGRAM	1991 REQUEST
2	NEW YORK, NY	$17.30	$18.50	$19.50
3	PHILADELPHIA, PA	$11.40	$13.50	$14.25
4	ATLANTA, GA	$ 9.90	$10.50	$11.00
5	CHICAGO, IL	$17.80	$20.00	$21.00
6	KANSAS CITY, MO	$ 9.20	$10.25	$10.50
7	FORT WORTH, TX	$12.45	$13.00	$13.50
9	SAN FRANCISCO, CA	$21.20	$23.00	$24.00
11	WASHINGTON, DC	$22.50	$23.00	$24.00

* This chart shows the estimated average rental rate for space, including space currently under lease and space to be leased, during the specified fiscal year.

EXHIBIT 53-8

RENTAL OF SPACE

LEASE TURNOVER ANALYSIS
(SQ. FT. IN THOUSANDS)
1989 - 1991

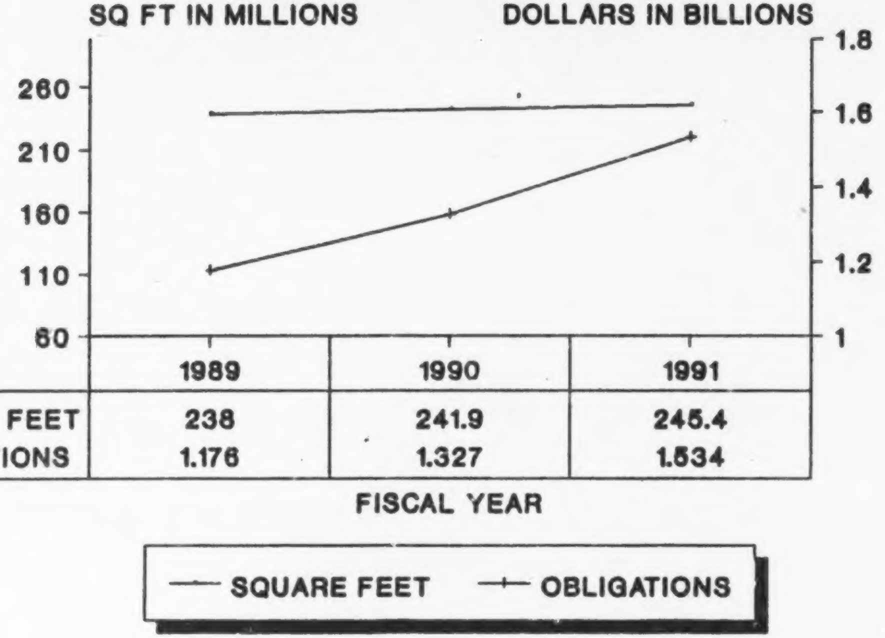
	1989 Actual	1990 Program	1991 Request
LEASED SQ. FT. - OPENING	92,935	96,818	100,635
NO. OF SQ. FT. TO BE RENEWED	11,405	15,668	10,240
(%)	12%	16%	10%
NO. OF LEASES - OPENING	5,013	5,244	5,451
NO. OF LEASES TO BE RENEWED	900	800	700
(%)	18%	15%	13%

EXHIBIT 53

FEDERAL BUILDINGS FUND

RENTAL OF SPACE

SPACE INVENTORY RELATED TO FY 1991 REQUEST



	1989	1990	1991
SQUARE FEET	238	241.9	245.4
OBLIGATIONS	1.176	1.327	1.534

FISCAL YEAR

RENTAL OF SPACE

WORKLOAD FACTORS
(SQ. FT. IN THOUSANDS)
1989 - 1991

	1989 ACTUAL	1990 PROGRAM	1991 REQUEST	1990 VS. 1991 AMOUNT	1990 VS. 1991 % CHANGE
TOTAL SPACE IN INVENTORY (SQ. FT.)*	238,038	241,857	245,367	3,510	1%
ASSIGNED**	225,435	229,965	234,625	4,660	2%
VACANT	12,603	11,892	10,742	-1,150	-10%
% OF TOTAL SPACE IN INVENTORY					
GOVERNMENT-OWNED	59%	58%	57%		
LEASED	41%	42%	43%		
GOVERNMENT-OWNED INVENTORY (SQ. FT.)	141,222	141,222	140,046	-1,176	-1%
ASSIGNED	131,572	132,030	131,554	-476	-0%
VACANT	9,650	9,192	8,492	-700	-8%
LEASED SPACE INVENTORY (SQ. FT.)***	96,816	100,635	105,321	4,686	5%
ASSIGNED	93,863	97,935	103,071	5,136	5%
VACANT	2,953	2,700	2,250	-450	-17%
WORKSTATIONS	995,534	1,004,534	1,014,534	10,000	1%
NUMBER OF LEASES	5,244	5,451	5,705	254	5%

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* Does not include outside parking
** Includes PBS space which is exempted from RENT
*** Includes space in USPS facilities

RENTAL OF SPACE

SUMMARY OF VACANT SPACE, TOTAL
(SQ. FT. IN THOUSANDS)
1989 - 1991

	1989 ACTUAL	CHANGE FROM 1988	1990 PROGRAM	CHANGE FROM 1989	1991 REQUEST	CHANGE FROM 1990
GOVERNMENT-OWNED						
AVAILABLE FOR ASSIGNMENT	4,292	-433	4,100	-192	3,500	-600
TO BE PHASED-OUT	75	36	0	-75	0	0
COMMITTED / UNDER ALTERATION	5,283	-737	5,092	-191	4,992	-100
TOTAL, GOVERNMENT-OWNED	9,650	-1,134	9,192	-458	8,492	-700
LEASED						
AVAILABLE FOR ASSIGNMENT	1,076	-1,514	1,000	-76	650	-350
TO BE PHASED-OUT	632	631	600	-32	600	0
COMMITTED / UNDER ALTERATION	1,245	435	1,100	-145	1,000	-100
TOTAL, LEASED	2,953	-448	2,700	-253	2,250	-450
TOTAL, ALL VACANT SPACE	12,603	-1,582	11,892	-711	10,742	-1,150
% OF TOTAL VACANT SPACE						
GOVERNMENT-OWNED	77%		77%		79%	
LEASED	23%		23%		21%	

RENTAL OF SPACE

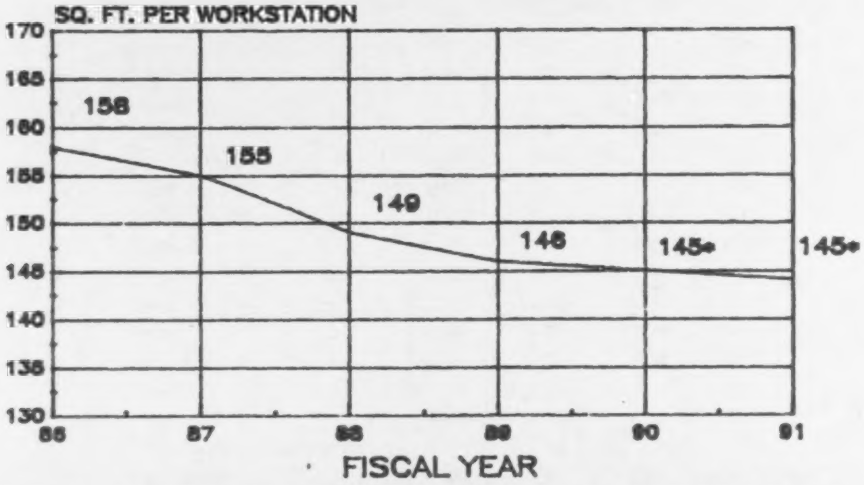
SUMMARY OF SPACE ASSIGNED, TOTAL
(SQ. FT. IN THOUSANDS)
1989 - 1991

AGENCY	1989 ACTUAL	1990 PROGRAM	CHANGE FROM 1989	1991 REQUEST	CHANGE FROM 1990
LEGISLATIVE BRANCH	2,708	2,720	12	2,730	10
U.S. COURTS	13,387	13,587	200	13,862	275
EXEC. OFFICE OF THE PRESIDENT	751	756	5	761	5
AGRICULTURE	8,690	8,740	50	8,740	0
COMMERCE	6,276	6,351	75	6,411	60
DEFENSE	35,023	36,023	1,000	36,798	775
HHS	25,884	25,934	50	25,984	50
HUD	2,678	2,703	25	2,713	10
INTERIOR	11,137	11,237	100	11,322	85
JUSTICE	18,501	19,901	1,400	21,401	1,500
LABOR	4,393	4,403	10	4,413	10
STATE	2,836	2,841	5	2,851	10
TRANSPORTATION	6,458	6,508	50	6,558	50
TREASURY	30,573	31,073	500	31,448	375
ENERGY	3,669	3,684	15	3,729	45
EPA	3,388	3,438	50	3,578	140
GSA	19,303	19,303	0	19,303	0
NASA	844	879	35	879	0
VETERANS ADMINISTRATION	5,819	5,894	75	5,944	50
USPS	3,307	3,382	75	3,432	50
ALL OTHER AGENCIES	19,810	20,608	798	21,768	1,160
TOTAL	225,435	229,965	4,530	234,625	4,660

Exhibit 53-13

RENTAL OF SPACE

UTILIZATION RATES FOR GSA–CONTROLLED OFFICE SPACE EXCLUDING JOINT USE AND OUTLEASING



Utilization rates measure the efficiency of space usage; they are determined by dividing office square footage by the number of workstations located in the office space. Improvements in overall office utilization rates will be brought about by applying the criteria for new space assignments outlined in Federal Property Management Temporary Regulation D-73. The criteria stipulate that most new housing assignments made to agencies will be made at a utilization rate of 135 square feet per workstation.

*Changes in Section 101-17 of the Federal Property Management Regulation will affect the utilization rates calculation by tracking utilization in assignments on primary office space divided by personnel.

RENTAL OF SPACE SAVINGS RESULTING FROM THE FY 1991 CAPITAL PROGRAM (IN THOUSANDS)

CAPITAL PROGRAM	ESTIMATED PROJECT COST	ESTIMATED DATE OF COMPLETION	ESTIMATED SQ. FT. TO BE CANCELLED	EST. RENT SAVINGS IN THE YEAR OF COMPLETION	EST. RENT SAVINGS FOR FIRST FULL YEAR 1/
REPAIRS AND ALTERATIONS SELECTED LINE ITEM PROJECTS					
Moss FB-CT, Sacramento, CA	10,990	02/01/93	115	2,223	3,335
Terminal Annex, Dallas, TX	4,307	10/01/92	87	1,098	1,098
FB, Seattle, WA	17,932	07/01/93	103	641	2,565
FB, Portsmouth, VA	1,700	11/01/91	30	523	570
FB-PO, Spokane, WA	5,071	11/01/92	20	367	400
TOTAL	$40,000		355	$4,852	$7,968

1/ Estimated Rent Savings for First Full Year represents the current annual cost of existing space plus projected near term cost of expansion space.

EXHIBIT 53-15

RENTAL OF SPACE

IMPACT OF TEMPORARY LEASED SPACE FOR REPAIRS AND ALTERATIONS PROJECTS ON RENTAL OF SPACE COSTS IN FY 1991
(IN THOUSANDS)

CAPITAL PROGRAM	ESTIMATED CONSTRUCTION COST	ESTIMATED SQ. FT. OF TEMPORARY SPACE TO BE LEASED	ESTIMATED EFFECTIVE DATE OF LEASE	ESTIMATED PART YEAR RENTAL	ESTIMATED FULL YEAR RENTAL
REPAIRS AND ALTERATIONS PROJECTS:					
FB PO/CT, Juneau, AK	$24,700	55	12/01/90	$1,604	$1,925
FOB, Seattle, WA	17,932	177	03/08/91	1,597	2,827
Main VA Bldg., Washington, DC	26,000	200	04/01/91	4,000	8,000
Ariel Rios FB, Washington, DC	29,000	169	02/01/91	4,400	6,600
TOTAL	$97,632	601		$11,601	$19,352

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
7,885	$872,167	7,890	$948,000	7,879	$1,037,200	-11	$89,200	-11	$48,181	-	$41,019

BACKGROUND

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA, and building services in GSA leased space where the terms of the lease do not require the lessor to furnish such services.

Services included in building operations are cleaning, protection, maintenance, payments for utilities and fuels, and grounds maintenance. Other related supporting services include various real property management and staff support activities such as space acquisition and assignment; the moving of Federal agencies; on-site inspection of building services and operations accomplished by private contractors; and various highly-specialized contract administration support functions. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of RENT. Due to considerations unique to their operation, GSA also provides varying levels of above-standard services in some special facilities, such as the National Building Museum in Washington, DC and in certain agency headquarter facilities including those occupied by the Executive Office of the President, such as the East and West wings of the White House.

JUSTIFICATION

A. HIGHLIGHTS

$1,037,200 thousand in new obligational authority is requested in FY 1991 for this activity. An increase of $89,200 thousand over the FY 1990 program is required to provide for services in existing space under GSA's control and in new space entering the inventory. It also supports services in new leased space or lease renewals which do not require that building operations services be provided by the lessor. The funding requested is sufficient to maintain custodial, maintenance, and protection services at commercially equivalent levels. Building heating and cooling levels will be maintained at the FY 1990 temperature levels.

In conjunction with the President's real property management initiatives, GSA has implemented its Building Delegation Program. Under this program GSA has delegated authority for Real Property Management functions (i.e., operations, minor repair, and lease management) to Federal agencies that are single tenants in selected Government-owned and leased buildings. GSA budgets within the Federal Buildings Fund for all buildings delegated under the provisions of GSA's standard delegation agreement. Each year, participating agencies receive funds from GSA to operate these buildings.

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991.

A net increase of $89,200 thousand and a decrease of 11 workyears is requested in order to provide the following:

1. Program Changes: Increase of $48,181 thousand and a decrease of 11 FTE workyears.

a. An increase of $15,343 thousand to provide for increased workload in GSA-controlled space, both Government-owned and leased. This increase will provide for cleaning ($3,701 thousand), utilities and fuel ($4,839 thousand), maintenance ($3,022 thousand), other building services ($207 thousand), and protection ($1,045 thousand) in 4,386 thousand occupiable square feet of building space that will be entering GSA's non-delegated workload inventory. In addition, $2,529 thousand is required for new real property operations workload in buildings where operational authority has been delegated to tenant agencies. Included above is $4,442 thousand for utilities and fuels in leased buildings where, under the terms of new or replacement leases, GSA is billed directly by utility and fuel suppliers.

b. An increase of $2,993 thousand associated with increased trash removal costs. This increase provides funds for additional disposal costs to be incurred in the District of Columbia as a result of the Solid Waste Management and Multi-Material Recycling Act of [illegible], No. 7-301. The purpose of this law is to reduce the solid waste being deposited at the Lorton landfill through a forced recycling program.

c. An increase of $2,800 thousand for a change in one-time equipment purchases, systems maintenance and development, and fire and lifesafety surveys. This is a net increase in funding requirements reflecting a decrease in one-time cafeteria and operating equipment purchases ($457 thousand) and an increase in ADP equipment maintenance and replacement ($2,784 thousand). In addition, this increase provides additional resources for building surveys ($473 thousand) in support of the fire and lifesafety program which assures a safe and healthful environment for Federal employees and the visiting public.

d. An increase of $1,995 thousand for changes in moving requirements. This increase will fund requirements, including telecommunication relocation, for GSA directed moves.

e. An increase of $2,346 thousand for technical services requirements. This increase supports requirements necessary for technical services to be provided primarily by outside contractors. This includes but is not limited to the cost of estimating, design, and inspection of alterations in leased space, as well as environmental safety and health studies and building systems evaluations which recommend improvements to the operation of building systems.

f. An increase of $27,378 thousand associated with the operation and maintenance of the Department of Agriculture Headquarters and the Central Intelligence Agency complex. This increase allows for the restoration of funds for the operation and maintenance of the Department of Agriculture Headquarters and Central Intelligence Agency complex. These pilot delegations are funded by a Rent chargeback and are the only remaining delegations not funded through the allocation account process.

g. A decrease of $598 thousand in one-time program changes and operational modifications within the Building Delegation Program. This change is the net of both upward and downward funding adjustments for various delegated building operations that are necessary to accommodate changes in one-time and on-going standard level service requirements.

h. A decrease of $466 thousand due to discontinuance of operations and services by GSA. The release of 331 thousand occupiable square feet of space will reduce cleaning ($57 thousand), utilities and fuel ($405 thousand), and maintenance ($4 thousand).

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

i. A net decrease of $1,835 thousand as a result of GSA's energy conservation efforts and the establishment of a National Energy Utilization Analysis System Center (EUAS). This decrease reflects a savings of $2,140 thousand associated with the energy consumption reduction goals required by P.L. 100-615. In addition, an increase of $305 thousand will be required to establish a nationwide EUAS Center which will develop and monitor new energy management programs to allow GSA to achieve or exceed the 20 percent energy consumption reduction goal between 1985 and 1995.

j. A decrease of $1,190 thousand for productivity improvements and other operational efficiencies. This decrease will result from improved work methods and operational efficiencies.

k. A decrease of $627 thousand and 11 FTE workyears associated with the funding of the Office of Small and Disadvantaged Business Utilization. Effective in FY 1991 this organization will be funded from the General Management and Administration appropriation.

2. Other Changes: Increase of $41,019 thousand.

a. An increase of $16,720 thousand for normal inflationary cost escalations of supplies, materials, and service contracts. This increase is needed to provide for escalations of supplies, materials and contracts related to cleaning ($5,499 thousand), maintenance ($3,550 thousand), other building services ($1,000 thousand), fire and lifesafety ($390 thousand), protection ($800 thousand), other staff support ($805 thousand), delegated building operations ($3,732 thousand), and ADP support ($305 thousand).

b. An increase of $8,827 thousand for utility rate and fuel cost escalations. Price increases for utilities and fuels were moderate for FY 1990. This trend is expected to continue through FY 1991.

c. An increase of $720 thousand for costs associated with Public Law 99-335 creating the Federal Employees' Retirement System (FERS).

d. An increase of $1,795 thousand for pay increases for selected job categories and positions within selected geographical locations. As a result of special pay rates approved by the Office of Personnel Management this increase is necessary to provide funding for additional salary expenses for Realty Specialists ($393 thousand), Industrial Hygienists ($112 thousand), and Police Officers ($1,290 thousand).

e. An increase of $8,650 thousand for the cost of the FY 1990 Wageboard and Classified Pay Act increases related to cleaning ($1,438 thousand), maintenance ($1,851 thousand), other building services ($2,400 thousand), fire and lifesafety ($195 thousand), protection ($1,163 thousand), and staff support ($1,604 thousand).

f. An increase of $4,280 thousand for the cost of the FY 1991 Wageboard and Classified Pay Act increases related to cleaning ($720 thousand), maintenance ($899 thousand), other building services ($1,190 thousand), fire and lifesafety ($96 thousand), protection ($556 thousand), and staff support ($813 thousand).

EXHIBIT 61-1

CHANGES IN REAL PROPERTY OPERATIONS FY 1990 - FY 1991

	CLEANING	UTILITIES & FUEL	MAINTENANCE	OTHER BUILDING SERVICES	FIRE AND LIFESAFETY	PROTECTION	STAFF SUPPORT	DELEGATED BUILDINGS	ADP SUPPORT	TOTAL	FTE
FY 1990 CURRENT APPROVED	167,200	178,495	133,024	103,307	12,170	61,006	77,541	202,130	11,700	940,000	7,090
1. Workload Increases	3,701	4,839	3,022	207		1,063		2,529		15,361	
2. Workload Decreases	-33	-325	-3	0		0		0		-361	
3. Increased cost of supplies, materials, and service contracts.	5,499		3,500	1,800	300	800	800	3,732	386	16,720	
4. Utilities and Fuels rate increases.		6,000						2,027		8,027	
5. Increased cost of new Federal Employees Retirement System (FERS).	143		154	163	14	110	145			729	
6. Increase associated with FY 1990 Wageboard and Classified Pay Act increases.	1,430		1,851	2,420	196	1,183	1,000			8,080	
7. Increase associated with FY 1991 Wageboard and Classified Pay Act increases.	728		899	1,198	86	566	813			4,290	
8. Increase cost of waste management due to enactment of DC Act of 1988 (No. 7-301).	1,265							1,728		2,993	
9. Change in one-time equipment purchases, safety surveys and systems maintenance.				-437	473				2,784	2,820	
10. Change in moving program requirements.				1,995						1,995	
11. Savings as a result of GSA's energy conservation efforts and increase associated with the establishment of the EMCS Center.		-1,766		306				-385		-1,836	
12. Increase costs associated with pay increases for selected job categories and locations.					112	1,290	393			1,795	
13. Building Delegations Program-Operational modifications and one-time program changes.								-906		-906	
14. Increased requirement for technical services.				1,050	328	0	982			2,360	
15. Restoration of CIA and Agriculture delegation.								27,378		27,378	
16. Savings associated with productivity improvements			-1,190							-1,190	
17. Functional transfer- Office of Small & Disadvantaged Business Cost Financing Program.							-427			-427	-11
FY 1991 REQUEST	179,985	186,993	142,255	111,786	13,768	66,390	81,717	239,404	14,870	1,037,200	7,079

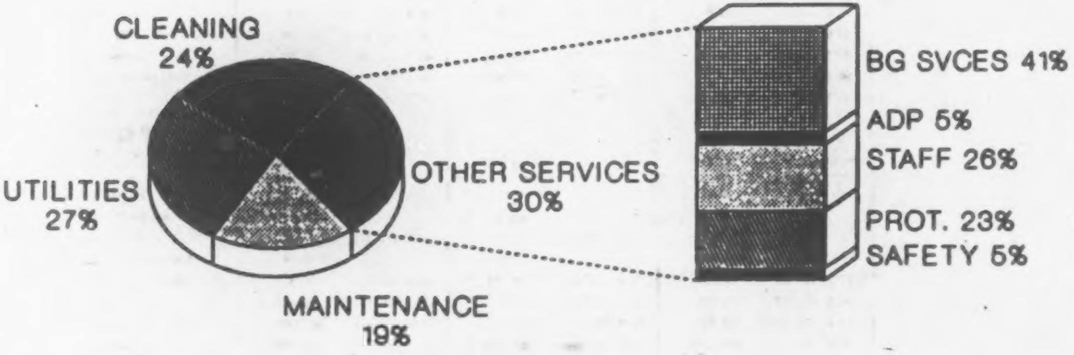
EXHIBIT [illegible]

REAL PROPERTY OPERATIONS
Key Workload Items
(Dollars and Square Feet in Thousands)

Category	FY 1989			FY 1990			FY 1991		
	Obligations	Average Occupiable Square Feet	Unit Cost	Obligations	Average Occupiable Square Feet	Unit Cost	Obligations	Average Occupiable Square Feet	Unit Cost
NON-DELEGATED INVENTORY:									
Cleaning	$148,983	148,335	1.00	$167,200	151,986	1.10	$179,986	153,887	1.17
Utilities and Fuels	160,229	178,909	0.90	178,455	182,306	0.98	186,993	185,753	1.01
Maintenance	127,160	145,400	0.87	133,924	148,800	0.90	142,256	150,723	0.94
Other Building Services	106,336	206,625	0.50	103,307	209,892	0.50	111,700	209,227	0.53
Fire and Lifesafety	10,081			12,179			13,700		
Protection	82,254	250,678	0.30	61,098	262,732	0.23	65,300	262,732	0.25
Other Staff Support	68,086			77,341			81,717		
ADP Support	15,403			11,700			14,870		
SUBTOTAL Non Delegated Inventory	$687,871			$745,670			$797,716		
DELEGATED INVENTORY:									
Cleaning	$55,729	41,469	1.34	$62,631	44,614	1.40	$74,168	46,313	1.60
Utilities and Fuels	64,646	45,207	1.43	83,842	49,025	1.71	98,471	50,999	1.95
Maintenance	43,102	40,311	1.07	39,606	43,700	0.91	49,168	45,335	1.08
Other Building Services	16,906	48,150	0.35	13,486	51,078	0.26	14,380	53,190	0.27
Protection	1,865	7,238	0.26	2,365	8,063	0.29	3,207	8,663	0.37
SUBTOTAL Delegated Inventory	$184,296			$202,130			$239,484		
TOTAL INVENTORY:									
Cleaning	$204,692	189,804	1.08	$229,880	196,600	1.17	$254,154	200,120	1.27
Utilities and Fuels	$224,875	224,196	1.00	$262,297	231,331	1.13	$285,464	236,302	1.21
Maintenance	$170,263	185,720	0.92	$173,530	192,600	0.90	$191,423	195,058	0.98
Other Building Services	$123,240	254,904	0.48	$116,793	260,270	0.45	$126,177	262,417	0.48
Fire and Lifesafety	$10,081			$12,179			$13,700		
Protection	$84,119	266,916	0.29	$64,062	271,095	0.24	$69,027	271,095	0.26
Other Staff Support	$68,086			$77,341			$81,717		
ADP Support	$15,403			$11,700			$14,870		
TOTAL	$872,167			$948,000			$1,037,200		

EXHIBIT 61-3

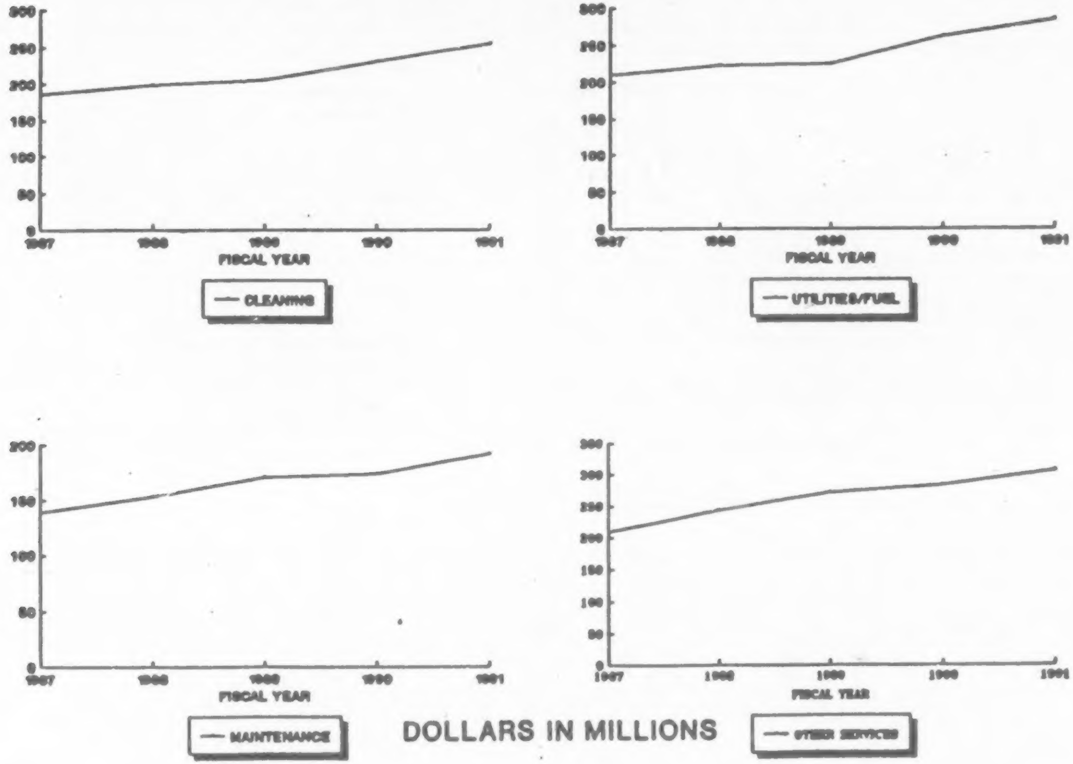
FEDERAL BUILDINGS FUND
REAL PROPERTY OPERATIONS
FY 1991 BUDGET REQUEST BY FUNCTIONS



TOTAL FY 1991 BUDGET REQUEST • $ 1,037.2 THOUSAND

EXHIBIT 61-4

REAL PROPERTY OPERATIONS OBLIGATIONS



PROGRAM DIRECTION
(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Change		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
401	$47,257	401	$68,020	401	$90,781	-0-	$22,761	-0-	$19,727	-0-	$3,034

BACKGROUND

The Program Direction Activity provides for the overall general management and administration of programs which are the responsibility of the General Services Administration's Public Buildings Service (PBS) at both the Central Office and Regional levels, including planning, development of policy, and program evaluation and control. It further provides for the costs of essential supporting services for those activities which are funded on a centralized basis, such as nationwide automated data processing services and other common distributable items.

JUSTIFICATION

A. Highlight. The fiscal year 1991 program level of $90,781 thousand for this activity finances personnel-related costs of 401 FTE workyears associated with management, administration, and supervision of PBS programs. Program Direction finances personnel and other related support pertaining to (1) general management of all activities under the Overall Direction function; (2) associated costs for Department of Labor payment for Accident Compensation, Unemployment Compensation, Personnel Benefits, and other essential supporting services and common distributable items encompassed under the Centralized Services function; (3) automated data processing (ADP) services which support all aspects of PBS programs; and (4) costs associated with the GSA building delegation to DOD.

B. Explanation of Changes FY 1990 vs. FY 1991. A net increase of $22,761 thousand to provide the following:

1. Program Changes ($19,727 thousand)

a. An increase of $17,777 thousand for payments to General Management and Administration for centralized support services.

b. An increase of $6,950 thousand for ADP support. This increase provides for costs related to the continued operation and maintenance of the existing PBS Information System and the cost of continuing development of a new PBS information system. This new system will provide a modern, effective and responsive information environment linking together PBS operations across the nation.

c. A decrease of $5,000 thousand related to the FY 1990 cost for contractual services to estimate the Commercially Equivalent Rent to be charged tenant agencies occupying GSA-controlled Federally-owned and leased space. This task is performed only once every five years.

2. Other Changes ($3,034 thousand)

a. An increase of $77 thousand for costs associated with Public Law 99-335 which created the Federal Employees' Retirement System (FERS).

PROGRAM DIRECTION (Continued)

(Dollars in Thousands)

b. An increase of $856 thousand for increased costs due to inflation. This increase provides for postage and fees, telecommunications, printing and reproduction, ongoing contractual services, ADP support, and the purchase of supplies and materials.

c. An increase of $855 thousand under the Centralized Services function. This increase is required for payments associated with Accident and Unemployment Compensation.

d. An increase of $718 thousand to fund the full year cost of the FY 1990 civilian pay raise.

e. An increase of $520 thousand to fund the FY 1991 civilian pay raise.

The following exhibits contain further information regarding the Program Direction Activity:

Exhibit 71-1 - Functional Area and FTE
Exhibit 71-2 - Changes in Program Direction
Exhibit 71-3 - Comparison by Functional Areas

PROGRAM DIRECTION
Functional Area and FTE
(Dollars in Thousands)

The following table reflects the total support financed in the Program Direction Activity

	FY 1989 Actual		FY 1990 Program		FY 1991 Request	
	Workyears	Amount	Workyears	Amount	Workyears	Amount
Subactivity						
Overall Direction	401	$22,765	401	$29,432	401	$26,094
Centralized Services	-0-	$17,525	-0-	$18,828	-0-	$37,973
ADP Support	-0-	$ 6,840	-0-	$19,650	-0-	$26,000
Building Delegation-DOD	0-	$ 107	-0-	$ 110	-0-	$ 114
TOTAL	401	$47,237	401	$68,020	401	$90,781

Exhibit 71-2

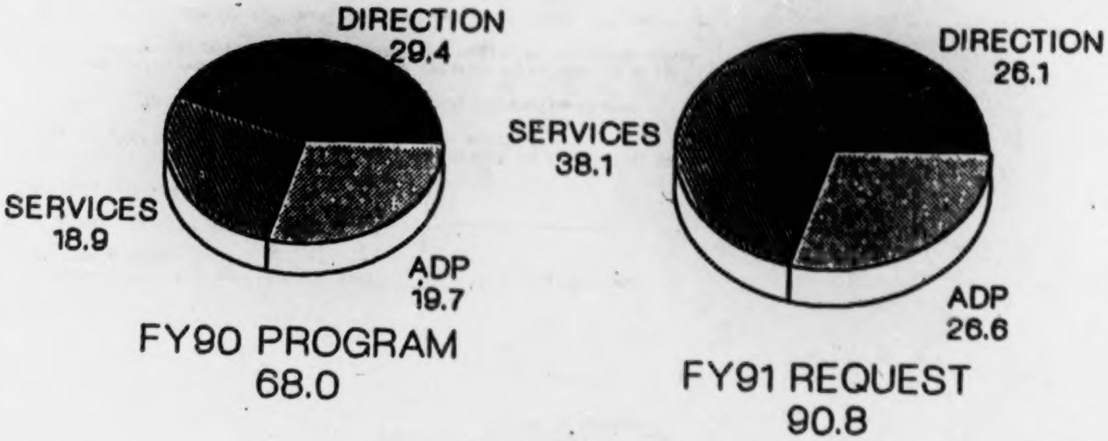
CHANGES IN PROGRAM DIRECTION FY 1990 vs FY 1991
(Dollars in Thousands)

FY 1990 ESTIMATE	$68,020
INCREASES:	
1. Increased costs associated with P.L. 99-335 creating the Federal Employees' Retirement System (FERS).	77
2. Full year cost of FY 1990 civilian pay raise.	718
3. Increase to fund the FY 1991 civilian pay raise.	528
4. Inflationary increases for costs related to on-going contractual services, ADP support, printing, and the purchase of supplies and materials.	856
5. Inflationary increases for Accident and Unemployment Compensation charges	865
6. Increased costs associated with the continued operation and maintenance of the PBS/IS and the cost of continuing development of a modern PBS information system.	6,950
7. Increase to fund payments to General Management and Administration for centralized support services.	17,777
DECREASE:	
Decreased costs for contractual services to estimate the commercially equivalent rent to be charged tenant agencies occupying GSA-controlled Federally-owned and Leased space.	-5,000
FY 1991 ESTIMATE:	$90,781
Recapitulation	
Total Increases	$27,761
Total Decreases	5,000
Net Increases/Decreases	$22,761

Exhibit 71-3

FEDERAL BUILDINGS FUND
PROGRAM DIRECTION
COMPARISON BY FUNCTIONAL AREAS

DOLLARS IN MILLIONS



General Services Administration
REIMBURSABLE PROGRAM
(Dollars in Thousands)

	Work-years	Amount
1990 Level of Reimbursable Services....................	509	$443,312
Estimated, 1991..	509	$431,488
Changes from 1990 to 1991.............................	-	-$11,824

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1991

	REIMBURSABLE OBLIGATIONS						INCREASES or DECREASES (-) for FY 1991					
	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Space Adjustments	85	$149,607	143	$134,629	143	$143,020	-	$8,391	-	$5,014	-	$2,577
2. Protection	108	55,262	45	60,688	45	57,441	-	-3,247	-	-4,409	-	1,162
3. Utilities and Fuels	-	59,440	-	65,346	-	63,115	-	-2,231	-	-2,231	-	-
4. Maintenance	72	8,744	120	9,197	120	9,823	-	626	-	450	-	176
5. Cleaning	113	5,859	43	7,309	43	6,798	-	-511	-	-651	-	140
6. Other Reimbursable Services	19	51,977	84	34,167	84	37,465	-	3,298	-	2,646	-	652
7. Outleasing	-	8	-	8	-	8	-	-	-	-	-	-
8. Design and Construction Services	90	35,324	74	131,960	74	113,810	-	-18,150	-	-20,676	-	2,526
TOTAL	487	$366,221	509	$443,312	509	$431,488	-	-$11,824	-	-$19,857	-	7,233

REIMBURSABLE PROGRAM
Summary of Changes
FY 1990-FY 1991
(Dollars in Thousands)

	Work-Years	Amount
FY 1990 LEVEL	509	$443,312
Other Workload Changes	0	-19,057
Inflationary Increases	0	7,233
FY 1991 REQUEST	509	$431,488

TUESDAY, FEBRUARY 20, 1990.

FEDERAL SUPPLY SERVICE

WITNESSES

DONALD C.J. GRAY, COMMISSIONER
ROGER D. DANIERO, DEPUTY COMMISSIONER
LEONARD YONKLER, CONTROLLER

Mr. ROYBAL. The committee will come to order. The committee will now hear from the Federal Supply Service.

I ask Mr. Gray to proceed in any manner you desire.

Mr. GRAY. I would like to make brief opening remarks here.

We appreciate the opportunity to meet with the subcommittee to discuss our fiscal year 1991 budget request. I am accompanied by Mr. Roger Daniero, Deputy Commissioner and Mr. Leonard Yonkler, Controller.

The FSS mission is to provide management of regulatory policy and operating programs at a quality level which assures that the service and personal property needs of Federal agencies are efficiently and effectively met, all at least cost to the taxpayer.

This is accomplished through a program for developing, implementing, and managing governmentwide regulations and policies relating to travel, transportation, and property management; a worldwide logistics supply system to contract for and distribute supplies and personal property to Federal agencies and other authorized users; a transportation and travel management services program which includes transportation audits and the Federal fleet management system; and a governmentwide program for utilization, donation and sale of excess and surplus personal property.

Our 1991 budget request for direct appropriations is $52,243,000, a net increase of $4,599,000 over the 1990 program. This request supports schedule contracting; transportation and travel management; transportation audits; policy and agency liaison; and worldwide utilization, donation and sale of excess personal property.

The supply operations area of FSS, which includes the wholesale, retail, direct delivery, and special orders programs, along with the fleet management operation, is funded through customer agency reimbursements to the General Supply Fund. The requested levels are $581,714,000 for the fleet management operation, and $2,021,640,000 for the supply operation program.

The 1991 budget for FSS reflects continued efforts to pursue five major goals: Increasing sensitivity to customer needs through improved communications and accessibility to FSS programs; enhancing product and service quality; maximizing sensitivity to return on investment (ROI) or strategic thinking in all FSS decision-making; reducing cost of government operations; and enhancing work force quality.

Mr. Chairman, this concludes my statement. We will be glad to answer any questions you or other members may have.

BREAKDOWN OF INCREASES

Mr. Roybal. Thank you, Mr. Gray.

I notice that your request is $4.6 million more than last year. You say that this request supports schedule contracting, transportation and travel management, transportation audits, policies and agency liasion?

Mr. Gray. Yes.

Mr. Roybal. And worldwide utilization, donation and sale of excess personal property.

Now, all these items are not new.

Mr. Gray. That is correct.

Mr. Roybal. So it is actually an increase in order to do what you have done in the past. You have increased it now by $4.6 million; is that correct?

Mr. Gray. Yes. Let me explain the breakdown; $1,838,000 is for the reimbursement to the GM&A account.

Mr. Fontaine. That is the payroll and accounting I was talking about earlier this morning. We are passing the reductions on to you, but he will start paying me for the services.

Mr. Gray. For two years now Ray has had good ideas.

Mr. Roybal. Your budget then must increase by that amount? And yours went down by that amount?

Mr. Fontaine. Yes.

Mr. Roybal. All right.

Mr. Gray. We have a pay raise requirement of $2,106,000 and inflation of $382,000.

So, of the $4.6 million increase, there is less than $300,000 that is discretionary. That $300,000 net increase is for ADP enhancements that we wish to do.

INDUSTRIAL FUNDING

Mr. Roybal. Maybe at this time it would be a good idea to summarize the current method of financing and give us your opinions as to whether or not it is preferable to the way it used to operate and whether further decentralization is the answer.

Mr. Gray. Well, we went under industrial funding in 1988 with a midyear implementation. Because of the late start, we were short about $23 million in recovering our costs the first year.

It was agreed that we would recover that amount back into the fund over a 30 month period through the surcharge.

Our industrial funding operation has been highly successful. We have ended fiscal year 1989 with a surplus to offset prior year losses. We have been able to reduce our costs of operation, and retain our pricing structure essentially unchanged in fiscal year 1990.

The benefit industrial funding has given us is the opportunity to move with the demands of the customer. The demands have shifted. We have been very successful. We have been able to look at each of our operations and the costs generated and to make certain that we are keeping those costs well within line.

The appropriated request of $52 million covers those services and functions that we cannot attribute directly to our customers.

As we continue to find ways to recover those costs, we will be back to suggest the changes that we might make.

STOCKTON WAREHOUSE

Mr. **Roybal**. Does the warehouse in Stockton come under your jurisdiction?

Mr. **Gray**. Yes.

Mr. **Roybal**. I saw that operation.

Mr. **Gray**. Yes, we were out there just recently.

Mr. **Roybal**. I thought it was good.

What percentage of the orders can you supply from Stockton?

Mr. **Gray**. The percent of the business shipped from Stockton in fiscal year 1989 was a little over 20 percent of our total. Mr. Chairman, if we can supply the requirements for our customers by direct delivery, not going through the wholesale distribution program, that is the way we prefer to do it. It is more direct and less costly, since we don't have the cost of handling of the goods. Those items that make sense to buy in larger volumes, we do so. We have a very detailed econometric model that helps us determine the method by which each of those items will be handled. When we have a requisition and time to sthe order direct, we prefer to do that.

BACK ORDERS

Mr. **Roybal**. What about the back ordering of items that are not in stock? How do you handle that?

Mr. **Gray**. In our stock program, we have less than 40,000 back orders at the present time. When we have an order that comes in for a non-stock item, we then go out and place the order with the contractor of record, if we have a contractor on record at that time. If not, we execute the procurement on behalf of the customer agency.

Mr. **Roybal**. I was told that if an office places an order, that order will be taken care of within no more than 36 hours, which means that same week it will be delivered?

Mr. **Gray**. We expect customer supply center orders to be delivered within 72 hours.

Mr. **Roybal**. Seventy-two hours. But I saw the warehouse there and if that is typical, you can't possibly warehouse everything that they order.

Mr. **Gray**. The warehouse that you saw is a wholesale distribution center. Within that, a small section of that is the equivalent of our customer supply center, which is a retail operation.

Mr. **Roybal**. Sure. But even as a distribution center, you can't house, in the space that I saw any way, everything that you carry.

Mr. **Gray**. We measure our response rate to our customers on the amount of goods that we ship and the time it is required for that and we look carefully out of our entire inventory, the items we stock. We have approximately 40,000 back orders out of that large volume.

Mr. **Roybal**. Let me give you an example of what I am trying to get at.

Let's say I needed something, and that I ordered it, and it was not in stock. Would I have to wait until you got it in stock to have it sent to me or can it be sent directly from the supplier?

Mr. GRAY. It would depend upon the item. If it was for your office, it would be retailed through our office. If you were ordering something that would be wholesale, we would go to one of our other facilities, a secondary source, and ship from there, if your requirement needs were such.

Mr. ROYBAL. You would ship then from the secondary facility but not necessarily the original manufacturer or supplier?

Mr. GRAY. We have the same items stocked in more than one facility. We would then choose the facility nearest to meet your requirement to keep the transportation going, to meet the schedule.

If we had nothing in stock to meet your requirement, we then would have to order and ship it directly from the vendor to do that.

Mr. ROYBAL. I want to get that because to go from the vendor to you and then to me would be more than 36 hours.

Mr. GRAY. We are willing to ship it direct.

GUIDANCE FROM OTHER OFFICES

Mr. ROYBAL. Now, what guidance do you receive from the Office of Federal Procurement Policy in OMB?

Mr. GRAY. In general, broad guidance that goes generally to our Office of Acquisition Policy within GSA. That would be Richard Hopf's office. Internally, we look toward the Office of Acquisition Policy. It is in broad form that we receive any general instructional guidance from OMB.

SUPPLY DEPOTS

Mr. ROYBAL. What are supply depots?

Mr. GRAY. There are four of them, one in Stockton, California, another one in Forth Worth, Texas, another one in Palmetto, Georgia, and the fourth one is in Bell Mead. We have a new one under construction in New Jersey. They presently are estimating that the constructon on the new facility will be completed in September of this year.

LAND FOR STOCKTON DEPOT

Mr. ROYBAL. How close are you to acquiring the land that is needed for the Stockton depot?

Mr. GRAY. We have entered into discussions with Captain Clammoth and have talked to the Secretary of the Navy's staff. I am not sure that we have yet reached any agreement on that, but I have put a request out to Mr. Thomas indicating the amount of land at approximately 100 acres and the footprint of the buiding would be in the neighborhood of $1,500,000.

I think the Navy on Rough and Ready Island has about 1400 acres. I have a plot of it right here.

Mr. ROYBAL. I remember seeing the property and it stopped just before it got to the river.

The first question that I asked, why not include the river? I think that property should be used for that purpose and I think it is a very good move. But not to include the river and even go slightly to the other side would be a mistake.

Mr. GRAY. It is my understanding that these are the boundaries. These are the Stockton deep water channels coming in here.

Mr. ROYBAL. All right.

Mr. GRAY. There is a burns cut I don't have which is what, in my part of the country we would call a creek. The area that I think you saw out there was this general area that we cut out here in red, approximately 100 acres.

What they would like to have us do is put in a new road and a bridge and bring a new entrance way into that. We would be more than willing to do that. This is about what the footprint of the building would look like.

Mr. ROYBAL. But this line is on that side of the creek or river. What I was making reference to is extending this, including that so you would have that. Then that would be your bridge and not theirs.

If it belonged to someone else that would—what would prevent them from saying that you can't use that bridge?

Mr. GRAY. I am not acquainted with the access rights to the adjacent property out there. We would have to discuss with the Navy how far their right to that property would be. Right now, we are trying to get them to agree that we can have the 100 acres in there.

Mr. ROYBAL. It would be wonderful.

Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman.

SUPPLY CYCLES

Mr. Gray, we get complaints from Federal employees around the local area that they are not able to get supplies in a timely fashion. Is there a yearly plan that you go through with these agencies on what their requirements will be? Do you anticipate agency needs?

Mr. GRAY. No. We have tried to determine if there is a cycle that they go through, and unlike many businesses that have a calendar year cycle that is related to seasons, ours apparently is related to budgets. If there is a continuing resolution we have a decline in business for that period of time.

Mr. SKEEN. Because they shut it down?

Mr. GRAY. And then the demand balloons up. We have noticed that. About 68 percent of our business is with the Department of Defense. They have had some actions over there where they put controls on spending. That has affected us quite rapidly. That creates peaks and valleys in our demand rate.

But we do have a number of years of history to predict what the purchases will be.

Mr. SKEEN. So you have a record?

Mr. GRAY. Yes. We track on that. We know in the fall there will be an upsurge. We do lay in extra stocks that are high demand items.

Mr. SKEEN. At the end of a budgeting year they will buy supplies?

Mr. GRAY. Yes.

Mr. **Skeen**. We do it the same way over here.

Mr. **Gray**. Yes, we try to support that.

Mr. **Skeen**. If they have a problem with supplies, it is generally within their agency?

Mr. **Gray**. Most frequently.

Mr. **Skeen**. That is one of the things that I wanted to mention. We respond to them. We know how we do ours. We find out we are doing it the same way.

PURCHASING OF SUPPLIES

How is this program to encourage local supplies coming along that you have initiated? Give me an update on that.

Mr. **Gray**. You mean our customer supply centers where people can pick the phone up and call to us directly and make the purchase over the phone?

Mr. **Skeen**. Either that or if they are allowed to buy from local sources.

Mr. **Gray**. We consider ourselves a preferred source and if they can find the item for less cost, same quality, better quality, in a local delivery to meet their needs up to $5,000, we let them do that without making them come to us for a waiver.

There are other levels that they need to go through in their own organization before they can do that.

Mr. **Skeen**. The strongest encouragement is to buy from you, but if it is economically feasible——

Mr. **Gray**. We need to drive our organization to be efficient at the least cost.

Mr. **Skeen**. How much of this goes on for a local purchase?

Mr. **Gray**. We haven't any way of measuring that directly. We know that our business in that area has increased.

Mr. **Early**. As the budget gets tighter, more business comes our way, which indicates that we are the least expensive. They look for the best value for the dollar.

Mr. **Skeen**. They are more of the affluent cycle, quick, down and dirty.

Mr. **Gray**. As some of the agencies find their budgets being constrained, they are required to give up some of those actual functions that they carry on and they come back to us.

Mr. **Skeen**. They think they are a better credit risk with you.

Thank you, Mr. Gray.

Mr. **Gray**. Thank you, Mr. Chairman.

Mr. **Roybal**. We have a quesiton for the record from Congressman Hoyer which we would like you to respond to.

Mr. **Gray**. We will be happy to do so.

[The question and answer follow:]

Question for the Record From Congressman Hoyer on the Transportation Audits Division

Mr. **Hoyer**. TAD has been used to control erroneous charges by transportation carriers for the Government. Has this function been reduced in the past four years? What level of funding does this division receive this year?

Cuts in this agency may produce short term savings, but yield long term costs. Please provide for the record the level of support and positions assigned to this agency for the past four years and what level is planned for 1991.

Mr. GRAY. The chart below reflects the actual obligations and on board for the Transportation Audits Division for the past four years, as well as the program level for 1990 and requested level for 1991. Staffing has been reduced as a result of an A-76 study to contract out the remaining in-house transportation document auditing function. The Transportation Audits Division has put in place prepayment audit contracts by mode and level of service for agencies' use. By subscribing to this service, agencies can prevent their transportation funds being paid out in overcharges.

TRANSPORTATION AUDITS DIVISION

Fiscal year	Funding	On board
1986 actual	$12,871,313	190
1987 actual	15,750,226	176
1988 actual	20,507,709	179
1989 actual	23,244,792	161
1990 program	23,516,800	153
1991 request	24,106,500	153

EFFECT OF INCREASE DENIAL

Mr. ROYAL. To go back to this budget and cost and so forth, the budget will get tighter, no doubt about that. We have to mark up a bill and we will be given a 302(b) allocation. I don't expect that to be very generous this year.

Supposing it is not very generous and we find that we can not grant the increase of $4.6 million. What would happen to your operation?

Mr. GRAY. Without the increase $825,000 in ADP enhancements of different programs would have to be curtailed. One of the areas that I expect would be adjusted internally would be in our disposal of personal property. We have had a series of lengthy discussions about disposing of hazardous materials. That is becoming a greater problem. We are carrying on extra effort in that area. There will be more work required. It will be more detailed and more controls will be required. We will be making internal adjustments to accommodate that. But if we are constrained more than what we have here, if there is a cut from that requested amount, then that is going to be a real damper in that area.

Also affected would be our customer liaison side. In order to make certain that our industrial funding program works well, we have engaged in a great number of user panels and customer outreach programs. We have coming up this next week in Williamsburg a conference which will bring together manufacturers, customers, and our technical people on furniture, items of that nature; meetings of those types would have to be curtailed.

Those are the meetings where we are able to find out more of what the customer needs to make certain that our procurements are consistent with their needs and make certain that we get the item that they need and still get the best price for it.

PROCUREMENTS

Mr. ROYBAL. Some of these procurements that you are talking about are made with small businesses?

Mr. GRAY. That is correct.

Mr. **Roybal**. Is it possible that because of the competition that will result that you may be able to get the same product for less?

Mr. **Gray**. I am not sure that I understand the question. In other words, would we be able to use small business more than in the past?

Mr. **Roybal**. That could be it, or how can you reduce your costs so you can absorb the added request?

Mr. **Gray**. That is under industrial funding, not under the appropriated cost. We don't buy any supplies out of this $52 million we are talking about.

Mr. **Roybal**. But it is still part of the whole budget.

Regarding what is done, your budget estimate for fiscal year 1991 is $52 million, and that is still an increase of $4.6 million more than last year? Regardless of how you use it, is there some way in which this, only half of it or a third of it can be absorbed? That is the question I am asking.

Mr. **Yonkler**. Of the amount that we are talking about, only $273,000 of that is a true program increase, money that we are asking for increased support. In the legislation that set up industrial funding, it was stated that a number of the activities that we perform have to be funded out of the appropriated budget. If we had to absorb the requested increase, we would then have to curtail one of the programs that we are currently engaged in or we would have to come back to the Hill and try to determine how we could get reimbursement for the services provided through appropriated funds.

A good example for a program that could be so funded would be our disposal program.

Mr. **Roybal**. The matter of curtailment is something that you are going to have to face when and if the time comes. We don't know that it will, but I am just assuming that we will have to face that in this budgetary cycle.

Mr. **Early**. One thing is, $2 million of that increase is for an increase of pay costs and already reflects a 50 percent absorption of the cost.

DOING MORE WITH LESS

Mr. **Roybal**. What happened to this concept that you could do more with less?

Mr. **Fontaine**. Realistically they could do that, but they would have to cut travel way back and scale down some of the programs. There would be some fallout.

Mr. **Yonkler**. Those programs were considerably scaled down in the late 1980s. The staff level that we are at now is lower by at least 20 percent than it was in the mid-1980s. We have already reduced staffing to the bone and the way we have done that and been able to maintain our delivery of services was by automating our offices. We are doing things now through automation with fewer people than we were able to do before.

Mr. **Roybal**. Are you doing the job better?

Mr. **Early**. We like to think that we are, yes. The information is certainly available much quicker.

Mr. **Gray**. Our customer outreach area is an example. We conducted an A-76 study on them. The publications are now being done by an outside concern. We reduced the budget over the last year and a half. So we have taken a number of actions internally to try to keep our request for appropriations down.

Mr. **Roybal**. A time may come when you have to do more than that.

Mr. Wolf.

Mr. **Wolf**. No questions, thank you.

Mr. **Early**. The disposal of surplus property generates receipts from sales at about the same level that your committee has to fund the program's costs. We have entertained in the past cutting what we have had to do, and I think we would be again considering it if there were future reductions, that is, having that program funded from the receipts it has generated. This committee does not hear of the receipts, but is charged with the cost of running that program.

Mr. **Fontaine**. Another thing of interest to the committee, is that these people want to get into the bid process for disposal. The problems other agencies have are what we read in the paper. FSS wants to do a better job than the private sector in disposing of goods. It is of interest to you all.

Mr. **Gray**. We would provide the service on a reimbursable basis, not with additional appropriated funds. We have submitted an offer to Customs and Administrator Carol Hawk has responded to us saying that our offer, which included part of Earl Jones' operation for disposal of real property along with our disposal of the personal property, was unique in that it was broader than what they got out of the commercial marketplace. Customs will give serious consideration to that. Our success with the Marshals Service where we are disposing of their seized property is an example.

One of the problems Customs has had in the past with their trash contractor was that he was allowed to charge for the storage of vehicles. There was no incentive to sell. We would be strictly on a business basis. It would be our intent to move property as quickly as we could once it had been released from any legal requirement to be held as evidence.

We are doing that with the Marshals Service at considerable savings.

Mr. **Roybal**. What I would like to have is for you to submit this in writing, a summary of your inventory control system.

[The information follows:]

REIMBURSABLE PROGRAM

(Dollars in Thousands)

1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
Work-Year	Amount	Work-Year	Amount	Work-Year	Amount	Work-Year	Amount	Work-Year	Amount	Work-Year	Amount
487	$366,221	509	$443,312	509	$431,488	-	-$11,824	-	-$19,057	-	7,233

BACKGROUND

GSA furnishes its tenant agencies with space and services commensurate with those commonly offered in the commercial sector. In return, agencies are charged RENT based upon the amount of GSA-controlled space that they occupy. When requested by a tenant, GSA will also provide, on a reimbursable basis, a full range of building services which exceed those standard or commercially-equivalent levels provided under the RENT charge. Such reimbursable services include: space adjustments; guarding and protection; utilities needed for above-standard levels of operations; janitorial and other services provided over the standard level; professional architect/engineer services related to other agency construction programs; interior design work requested by other agencies; and the cost associated with GSA's outleasing program for leased space. These reimbursable requirements often occur when occupant agencies must respond to cyclical workload and/or the agency's mission necessitates a multi-shift operation. GSA accommodates these requirements, as would a building owner in the private sector, by billing the tenant for an amount in addition to RENT to recover the added costs incurred in furnishing the supplemental service(s). In this way, one of the fundamental objectives of the Federal Buildings Fund is served by associating all costs of building space and services with the program and Government agency generating the requirement.

The reimbursable program allows GSA to be fully responsive to the special needs of Federal agencies, the public and other occupants in Government-owned and leased space under GSA control by furnishing a full range of reimbursable services in a prompt and expeditious manner.

Reimbursable staffing requirements are based upon (1) the need to respond quickly to customer requests and (2) work where security is a primary consideration. Most reimbursable work is accomplished through use of private sector contracts.

JUSTIFICATION

A. HIGHLIGHTS

FY 1991 limitation estimates reflect the need to meet changes in the volume of client agency requests for special services.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

1. Program Changes: (-$19,057 thousand).

A decrease of $19,057 thousand for changes in reimbursable service requirements. This decrease reflects net changes projected by GSA Regional/Field Offices in occupant agency requirements for reimbursable construction projects (-$20,676 thousand), space adjustments ($5,814 thousand), protection (-$4,409 thousand), utilities and fuels (-$2,231 thousand), maintenance ($450 thousand), other reimbursable services ($2,646 thousand) and cleaning (-$651 thousand).

2. Other Changes: ($7,233 thousand).

An increase of $7,233 thousand is provided for inflationary increases. This increase is necessary to offset the effects of inflation estimated at 3.3% on payments made by GSA and its contractors for labor and materials essential to the accomplishment of reimbursable construction projects ($2,526 thousand), space adjustments ($2,577 thousand), protection ($1,162 thousand), maintenance ($176 thousand), cleaning ($140 thousand) and other reimbursable services ($652 thousand).

FEDERAL SUPPLY SERVICE STOCK PROGRAM
INVENTORY CONTROL PROCESS

BACKGROUND: Inventory investment and sales projections are a major element of the overall Federal Supply Service (FSS) business plan. Investment ceilings are jointly determined by the budget, strategic planning and commodity operations program offices. The proposed investment and sales plan is approved by FSS management and becomes part of the General Services Administration's (GSA) overall financial plan. Meeting the established plan is imperative under our full cost recovery or industrially funded operations. Additionally, FSS management develops management goals and performance indicators for the wholesale stock program during each fiscal year. These goals and indicators, which are designed to provide maximum customer support with minimal inventory investment, are based on analysis of historical sales and demand data. For the past three fiscal years, these goals have been defined as part of the overall FSS strategic plan.

DISCUSSION: FSS establishes two year contracts in support of most items in the stock program. Some items are supported by planned definite quantity contracts and occasional interim contract actions are required when normal support is disrupted. Contracting cycles are planned to maintain sources of supply on a continuing basis.

The FSS stock program maintains inventories in five Wholesale Distribution Centers (WDC). Based on demand history and transportation costs, each WDC carries a different mix of items and services specific market zones.

The automated FSS inventory management process consists of a module of the FSS data processing system (FSS-19) which also includes supply distribution, requisition processing, quality control, procurement, contract management, and cataloging modules. The FSS-19 system generates interfacing financial records to GSA's financial management system.

Detailed operating inventory management procedures and FSS-19 system output descriptions are contained in the Supply Operations Handbook, FSS P 2901.3. The following descriptions of primary inventory management elements are provided for basic information:

1. Reorder Point (ROP) - the inventory level at which action is taken to replenish stock. The ROP is normally calculated as projected usage during lead time for vendor delivery, plus safety stock.
2. Safety stock - a quantity of stock included in the inventory to accommodate fluctuation in demand during lead time.
3. Economic Order Quantity (EOQ) - an order quantity reflecting the amount of an item to be procured at one time in order to minimize the total procurement and inventory holding costs.
4. Demand forecast - a predicition of future customer demand extrapolated from historical demand data with the implied objective of minimizing the forecast error.
5. Lead time -the span of time from the date of requirements determination until the receipt of inventory into issuable stock. It includes the time required for purchase order production and distribution, vendor delivery terms, shipment time frame and administrative receipt processing time.
6. Net stock - the total stock position reflecting the current available-for-issue assets, inventory due-in from all supply sources, unissuable assets on hold for quality or litigation reasons, and backorder quantities.
7. Available for Issue (A/I) inventory - the recorded quantity of an item in GSA facilities available for sale to customer agencies.
8. Due-in (D/I) quantity - the recorded quantity of an item which has been ordered or is expected to arrive from all sources of supply (i.e., vendors, other government facilities, other GSA facilities, or customer returns).

9. Stock Replenishment Analysis (SRA) - a computer system initiated document reflecting the following data about each FSS stocking facility for each item:

   a. Demand management data including monthly demand forecast, EOQ, safety stock, lead time, ROP, and data necessary to automatically recompute the elements.

   b. Asset information reflecting facility net stock.

   c. Requirement quantities reflecting the amount of stock necessary to reach the FSS requirement objectives.

   This document is the inventory manager's base record of replenishment requirements determination and becomes part of the official replenishment case file.

The mechanized FSS inventory management program automatically generates requirements forecast analysis and stock replenishment analysis for each Wholesale Distribution Center (WDC) on each stocked item. These requirement determinations are computed for items in an independent wholesale demand environment. In this situation, each item stands alone, independent of customer demands for any other item in the system. The requirement determinations are based on demand forecasts, EOQ, and safety stock quantities computed using a traditional "single exponential smoothing with trend" formula. This is a standard inventory management technique used in commercial wholesale/retail environments. Finally, the quantities are rounded to bulk packs in accordance with the contracts against which orders are placed.

The required inventory manager response to the SRA is defined in FSS P 2901.3, Chapter 8. The procedures for review, replenishment order initiation, and replenishment methods are prescribed in this Supply Operations Handbook. In addition, the handbook contains management constraints regarding alterations to automated replenishment recommendations, EOQ modifications, sources of supply, etc. It should be noted that supervisory approval is required in cases where replenishment recommendations are altered by $1,000 or more.

CONCLUSION: The inventory control process for FSS's stock program operates in an automated environment with established procedures and guidelines, including those for manual interventions. Operations are monitored against established performance indicators designed to maximize service and minimize investment. The level of investment is planned and strictly managed by the operating program office with oversight by the budget and strategic planning program offices of FSS and by GSA's Comptroller.

FSS is consistently meeting the established inventory plan and stock program performance indicators. Projected operations for FY 1990 will continue within plan.

Mr. **Roybal**. Any other questions of Mr. Gray?

Mr. Gray, I would like to thank you very much for your attendance and your testimony.

Mr. **Gray**. Thank you, Mr. Chairman. I appreciate being here.

Mr. **Roybal**. We will include the justifications in the record at this point.

[The justifications follow:]

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	PERMANENT POSITIONS	WORKYEARS	AMOUNT
FY 1990 Level Authorized by Public Law 101-136..	906	904	$47,644
FY 1991 Estimate..	906	904	52,243
Change from 1990 to 1991..	-	-	+$4,599

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1991

	APPROPRIATION						INCREASE OR DECREASE (-) FOR 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. SUPPLY.............	320	$15,815	316	$16,814	316	$17,914	-	$1,100	-	$243	-	$857
2. TRANSPORTATION.....	306	14,884	278	14,556	278	16,284	-	1,728	-	957	-	771
3. PROPERTY MANAGEMENT	313	15,393	310	16,274	310	18,045	-	1,771	-	911	-	860
Unobligated balance lapsing............		908										
TOTAL..............	939	$47,000	904	$47,644	904	$52,243	-	$4,599	-	$2,111	-	$2,488
PERMANENT POSITIONS	942		906		906		-		-		-	

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

The Federal Supply Service (FSS) mission is to provide in a timely manner the goods and services needed by Federal departments and agencies, at a quality level to assure successful completion of their missions, all at least cost to the taxpayer.

The Operating Expenses, FSS account includes funding for property management, transportation services, transportation audits, schedules contracting, and the regulatory activities as prescribed in the fiscal year 1988 Public Law 100-202. The fiscal year 1991 estimated level of $52,243,000 represents an increase of $4,599,000 over the fiscal year 1990 estimate of $47,644,000. Increases are required as follows: (1) $382,000 for inflation; (2) $825,000 for ADP initiatives; (3) $2,106,000 for part year and annualized cost of pay raise; and (4) $1,838,000 for payments to General Management and Administration for centralized support services. These increases have been partially offset by reductions for the Washington Interagency Telephone System (WITS) conversion of $320,000 and $232,000 for systems furniture obtained in fiscal year 1990.

The requested level of 904 full-time equivalent workyears (FTE) for fiscal year 1991 is to maintain and improve current customer services provided by the supply, transportation, and property management functions.

The detailed explanations of changes, fiscal year 1990 vs. fiscal year 1991, are reflected in each appropriate program activity.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SUMMARY EXPLANATION OF CHANGES FROM FISCAL YEAR 1990 TO 1991
(Dollars in Thousands)

	SUPPLY		TRANSPORTATION		PROPERTY MANAGEMENT		TOTAL CHANGES	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
PROGRAM CHANGES								
A. ADP Contract Support........	-	-$522	-	+$700	-	+$647	-	+$825
B. Systems Furniture...........	-	+258	-	-220	-	-270	-	-232
C. WITS Conversion.............	-	-117	-	-93	-	-110	-	-320
D. Payments to General Management and Administration for Centralized Support Services	-	+624	-	+570	-	+644	-	+1,838
TOTAL, PROGRAM CHANGES.........	-	+$243	-	+$957	-	+$911	-	+$2,111
OTHER CHANGES								
A. Inflation...................	-	+$130	-	+$118	-	+$134	-	+$382
B. Part Year and Annualized Cost of Pay Raise...........	-	+727	-	+653	-	+726	-	+2,106
TOTAL, OTHER CHANGES...........	-	+$857	-	+$771	-	$860	-	+$2,488
TOTAL CHANGES, 1990 TO 1991....	-	+$1,100	-	+$1,728	-	+$1,771	-	+$4,599

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SUPPLY
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Supply................	286	$12,356	286	$13,371	286	$14,124	-	+$753	-	-$50	-	+$803
Service Direction.....	34	3,459	30	3,443	30	3,790	-	+347	-	+293	-	+54
TOTAL	320	$15,815	316	$16,814	316	$17,914	-	+$1,100	-	+$243	-	+$857

BACKGROUND

The Federal Supply Service operations funded by appropriations include the Federal supply schedules contracting portion of commodity management and its related support activity. The remaining supply operations are covered under industrial funding (full cost recovery), as provided by Public Law 101-202, and are addressed in the General Supply Fund portion of the Federal Supply Service budget request.

The purpose of the Federal supply schedules activity is to provide a Governmentwide program of contracts for commercial and commercial-type items required by Federal agencies and other authorized users of the Federal supply system. The program allows Government agencies the option of ordering standard commercial items directly from the contractor at prices which reflect the discounts associated with volume buying. Special services are also covered under the schedules program, including debt collection, employee relocation, and drug testing services for all Federal agencies. These supplies and services are ordered directly from contractors by Federal agencies; therefore, costs are not recoverable through the General Supply Fund.

The areas covered under industrial funding include the supply operations activity, which provides for the management and direction of a worldwide supply distribution system consisting of distribution facilities through which commercial-type commodities are received, stored, and issued to Federal agencies on both a wholesale and retail basis; the commodity management activity, which manages the cataloging, order processing, engineering, inventory management, and contracting functions for commercial-type items and services that Federal agencies and other authorized users of the Federal supply system order through GSA; and the contract management activity, which performs contract administration and quality assurance functions to assure that vendors fully meet all terms and conditions of contracts and that the quality of materials purchased complies with the requirements of those contracts.

JUSTIFICATION

A. HIGHLIGHTS

In fiscal year 1989 the sales volume of the Federal Supply Schedule Program was $2.9 billion. Overall emphasis in the program has been in the areas of customer relations and quality of products being procured.

In addition to strides taken to expand product matrices and improve the overall timeliness and accuracy of schedule documents, customers can now access the Multi-Use File for Interagency News (Muffin) to obtain the latest contract award information and schedule clauses and provisions.

The expanded use of "requote" procedures, which were initiated with great success in the acquisition of furniture systems, is continuing in other selected schedules. The procedures encourage more price competition among schedule contractors and reduce administrative costs. Agencies may either elect to submit their requirements which exceed the maximum order limitation (MOL) to the Federal Supply Service for procurement action or may conduct the requote procedures themselves.

The Multiple Award Schedule Program continues to attract new businesses and products. Over the years, new schedules have been added and the number of offers has increased significantly. At the same time, the amount of paperwork, analysis, regulations, and processing costs for our contracting personnel have increased.

Incorporation of expanded multiyear provisions permits issuance of contracts for up to five years, reducing operational costs and paperwork for both contracting personnel and for industry. In addition, the flexibility of the new multiyear provisions affords the Federal Supply Service an opportunity to continue to meet additional support requirements of our customers, without compromising the quality of our supply programs.

DOD, whose sales represent over 69 percent of all schedule sales, acknowledges the Schedules Program as one of the most efficient procurement programs in Government today for acquiring commercial items. Our ongoing objective is to continue to improve the quality of supplies and services being procured and enhance customer relations.

The downsizing and streamlining of Government activities to meet deficit reduction targets is expected to have two effects: (1) a reduction in spending for the kinds of items supported by the Schedules Program, and (2) a reduction in the resources agencies will commit to administrative functions, including contracting. This could ultimately lead to increased reliance on support from the Schedules Program. At this point, it is too early to determine if growth in new support will be greater than reduced sales from budget cuts.

B. EXPLANATION OF CHANGES, FY 1990 vs. FY 1991

Program Changes. Includes a decrease of $522,000 in ADP initiatives, an increase of $258,000 for systems furniture, an increase of $624,000 for payments to General Management and Administration for centralized support services, and a decrease of $117,000 for WITS conversion performed in fiscal year 1990.

Other Changes. Includes an increase of $130,000 for price inflation to cover the increased cost of goods and services, and an increase of $727,000 for part year and annualized cost of pay raise.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SUPPLY

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $9,895,000 - For 286 permanent positions and 286 total workyears.

12.1 Personnel Benefits - $1,498,000 - Includes $425,000 for direct contributions to the retirement fund, $286,000 for health benefits, $22,000 for group insurance, $131,000 for FICA, $105,000 for employment/unemployment compensation, $485,000 for FERS, and $44,000 for thrift plan contribution.

21.0 Travel/Transportation of Persons - $74,000 - Includes $72,000 related to procurement activities and $2,000 for motor pool.

22.0 Transportation of Things - $5,000 - For transportation charges, relocation of personnel and motor pool truckage.

23.1 Rental Payments to GSA - $1,057,000 - For space costs payable to the Federal Buildings Fund.

23.3 Communications, Utilities and Misc. Charges - $350,000 - Includes $206,000 for general telephone, $53,000 for intercity (FTS), $69,000 for postage and fees, and $22,000 for rental of administrative, operating and ADP equipment.

24.0 Printing and reproduction - $398,000 - Includes $148,000 for commercial item descriptions and specifications, $180,000 for supply schedules and related supply schedules printing, and $70,000 for general use printing and reproduction.

25.0 Other Services - $437,000 - Includes $270,000 for commercial services, contract support, ADPE time/user services, and interagency payments related to ADP; $6,000 for payment to the Working Capital Fund; $148,000 for commercial contracts; and $13,000 for payment to other GSA funds and other Government agencies.

26.0 Supplies and Materials - $110,000 - Includes $30,000 for office supplies, and $80,000 for data system supplies.

31.0 Equipment - $300,000 - For ADP equipment.

Excludes prorated amount of Service Direction. See Service Direction for distribution by object class.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

TRANSPORTATION
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Program Activity.......	273	$11,526	248	$12,363	248	$13,452	-	+$1,089	-	+$367	-	+$722
Service Direction......	33	3,358	30	2,193	30	2,832	-	+639	-	+590	-	+49
TOTAL...........	306	$14,884	278	$14,556	278	$16,284	-	+$1,728	-	+$957	-	+$771

BACKGROUND

This activity provides a Governmentwide program for transportation and travel management, transportation audits, Federal fleet management, and the management of aircraft procured by civilian agencies in support of their missions. Responsibilities within these functions include developing the Federal Travel and Transportation and Aircraft Management Regulations and the concomitant legislative initiatives associated with cost effective movement of household goods, general commodities and passengers; conducting statutory reviews regarding the cost of per diem, relocation allowances, and use of privately-owned vehicles for official business; determining freight and passenger service requirements of agencies and developing economical and efficient systems and programs to satisfy agencies' requirements; assisting agencies in the interpretation and implementation of transportation/travel/aircraft management policies, regulations and entitlements; and negotiating and maintaining Governmentwide transportation/travel management agreements and providing technical examination and adjudication of transportation claims by and against the U.S. Government and ensuring transportation services procured for the Government are at cost effective rates.

The Contract City-Pairs Program provides reduced air and rail fares for Government employees traveling on official business. In conjunction with this program, the Federal Travel Directory also contains a list of hotels worldwide that have signed rate agreements that offer significant discount rates to all Government employees on official travel. Travel Management Centers feature the use of commercial travel agent contractors at no cost to the Government, generating air fare and administrative savings Governmentwide.

The Charge Card/Travelers Check Program features the use of Diners Club charge cards or centrally-billed accounts and Citicorp's travelers checks for travel and transportation expenses.

TRANSPORTATION (continued)

BACKGROUND - continued

The Transportation Audits Program provides centralized audit and review of freight and passenger transportation vouchers paid by the Government, recovery of overcharges on transportation payments, and adjudication of transportation claims.

The Federal Fleet Management activity is responsible for the development and operation of the system which captures inventory, cost and utilization data pertinent to civilian agency vehicles and motor aircraft.

JUSTIFICATION

A. HIGHLIGHTS

There currently are about 130 Travel Management Centers processing over $300 million a year in airline ticket sales. The Contract City-Pairs Program provides discounts with 22 airlines and Amtrak in over 2,800 markets for 1990. Approximately 12,000 lodging properties are expected to offer discounted room rates to Federal travelers in 1990. The Charge Card/Travelers Check Program should generate over $1 billion in sales in 1990. There currently are more than 80 agencies participating in the program and about 532,000 individual cards in circulation among Federal employees.

In fiscal year 1989 GSA provided assistance to civilian agencies in the acquisition of services valued at over $317 million on the open market. Acquired through a comprehensive transportation management program, however, these same services cost the Government $167 million, which represents a savings of more than $150 million. Freight rating and routing service was facilitated greatly by the implementation of a Standard Tender of Service (STOS) which expedited the carrier selection process and paved the way for greater automation in the near future. The small package express contractor, Airborne, moved almost 2.3 million packages at a cost of just under $22 million. This overnight, desk-to-desk, delivery service is nearly 70 percent below open market prices. In fiscal year 1990 GSA plans to expand the premium delivery service options available to Federal shippers to include air cargo and several alternatives for international shipments.

The Transportation Audits Program contracted out the remaining in-house, post payment transportation document auditing function in fiscal year 1990. The Transportation Audits Program has put in place prepayment audit contracts by mode and level of service for agencies' use. By subscribing to this service, agencies can prevent their transportation funds being paid out in overcharges.

B. EXPLANATION OF CHANGES, FY 1990 VS. 1991

Program Changes. Includes increases of $700,000 for ADP initiatives and $570,000 for payments to General Management and Administration for centralized support services, a decrease of $93,000 for WITS conversion performed in fiscal year 1990, and a decrease of $220,000 for systems furniture obtained in fiscal year 1990.

Other Changes. Includes $118,000 for price inflation to cover the increased cost of goods and services, and $653,000 for part year and annualized cost of pay raise.

TRANSPORTATION

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $8,821,000 - For 249 permanent positions and 248 workyears.

12.1 Personnel Benefits - $1,232,000 - Includes $598,000 for direct contributions to the retirement fund, $363,000 for health benefits, $20,000 for group insurance, $131,000 for FICA; $1,000 for employment/unemployment compensation, $109,000 for FERS, and $10,000 for thrift plan contribution.

21.0 Travel/Transportation of Persons - $109,000 - Includes $107,000 for management surveys, review of agency requirements, transportation functions and travel associated with training; and $2,000 for motor pool.

22.0 Transportation of Things - $4,000 - For transportation charges, relocation of personnel and motor pool truckage.

23.1 Rental Payments to GSA, - $1,025,000 - For space costs payable to the Federal Buildings Fund.

23.3 Communications, Utilities and Misc. Charges - $197,000 - Includes $132,000 for general telephone, $21,000 for intercity (FTS), $6,000 for data transmission, $27,000 for postage and fees, and $11,000 for rental of administrative, operating and ADP equipment.

24.0 Printing and reproduction - $255,000 - Includes $74,000 for printing supplements and revisions to the Federal Travel Regulations and Commuted Rate Schedules, $64,000 for directories, $93,000 for general use printing and reproduction costs, and $24,000 for GSA periodicals and marketing publications.

25.0 Other Services - $1,509,000 - Includes $1,453,000 for commercial services, contract support, ADPE time/user services, and interagency payments related to ADP; $27,000 for payment to the Working Capital Fund; and $29,000 for payment to other GSA funds and other Government agencies.

26.0 Supplies and Materials - $150,000 - Includes $15,000 for office supplies, $5,000 for data system supplies, $70,000 for operating supplies, and $60,000 for tariffs related to transportation activities.

31.0 Equipment - $150,000 - Includes $150,000 for purchase of ADP equipment.

Excludes prorated amount of Service Direction. See Service Direction for distribution by object class.

PROPERTY MANAGEMENT
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Program Activity......	280	$12,035	280	$13,780	280	$14,861	-	+$1,081	-	+$279	-	+$802
Service Direction.....	33	3,358	30	2,494	30	3,184	-	+690	-	+632	-	+58
TOTAL..........	313	$15,393	310	$16,274	310	$18,045	-	+$1,771	-	+$911	-	+$860

BACKGROUND

This activity manages and operates a Governmentwide personal property program including the utilization, donation, and sale of property. The program encompasses most Government agencies, and provides for utilization of excess property and the donation and/or sale of surplus property.

UTILIZATION

The Utilization Program is responsible for the transfer of usable items of excess personal property to meet the requirements of Federal agencies. Each year, Federal property managers and employees save millions of dollars and improve their programs by acquiring and using excess personal property, such as desks, bulldozers, laboratory equipment, and specialized electronic equipment.

DONATIONS

The Donation Program is responsible for the allocation of usable surplus property to the states for donation to public agencies and certain nonprofit, tax-exempt activities. Donations assist states in operating educational programs, public health facilities, programs for the elderly and the homeless, and public projects at the state and local level. The program recycles property originally purchased with Federal tax dollars by retaining it in public use at the state and local levels.

SALES

The Sales Program is responsible for the sale of surplus and exchange/sale Government-owned personal property. Sales are conducted by GSA for Federal civil agencies. The Department of Defense has been delegated the authority to sell its own surplus property under the general supervision of GSA. The sale of motor vehicles owned by GSA and other agencies accounts for a major portion of the proceeds collected by the sales personnel. Other significant parts of the program include the sale of foreign gifts, administering treasure trove contracts, and oversight of the Federal precious metals recovery program.

JUSTIFICATION

A. HIGHLIGHTS

During fiscal year 1989, the value of property processed by the Property Management program was $1.54 billion, resulting from $964 million in utilization transfers (including one-time transfer of heavy-dollar items), $473 million in donation transfers, and $101 million in sales proceeds. In fiscal year 1990, the value of property processed by the Property Management Program is expected to be $1.50 billion, resulting from $925 million in utilization transfers, $485 million in donation transfers, and $90 million in sales proceeds (reflecting projected decreases in customer agency vehicle generations). In fiscal year 1991, the value of property processed by the Property Management Program is expected to be $1.58 billion, resulting from $975 million in utilization transfers, $500 million in donation transfers, and $100 million in sales proceeds.

PROPERTY MANAGEMENT (continued)

JUSTIFICATION - cont.

In fiscal year 1989 the Utilization Program expanded a Memorandum of Understanding with the Defense Logistics Agency to permit turn-in of civilian agency property to Defense Reutilization and Marketing Offices on a test basis. This provision, together with development of Cooperative Administrative Support Unit (CASU) facilities, established alternatives for civilian agency storage requirements. Reimbursable Seized and Forfeited Personal Property Centers are now in operation at five locations for the U. S. Marshal's Service.

The Personal Property Center located in the National Capital Region accepts accountability for, and physical custody of, excess personal property generations within its regional boundaries. The center also stocks and displays rehabilitated office furniture for inspection and purchase at considerable savings over similar new purchase costs.

The Donation Program is directly involved in the President's initiative for the homeless and needy. Amendments to the FPMR were issued to implement the Stewart M. McKinney Homeless Assistance Act and to ensure that surplus property usable for food, shelter or supportive services is made available to the organizations and institutions that provide services to the homeless.

The program supplied Federal personal property originally acquired at a cost of $2.6 million in fiscal year 1988 and $6.9 million in fiscal year 1989 to public and nonprofit agencies engaged in providing assistance to homeless and needy individuals. The donated property included such items as furniture, kitchen equipment, clothing, blankets, motor vehicles, and a host of other items used to support shelter and emergency food service facilities.

The Sales Program authorized the acceptance of Mastercard and Visa credit cards as payment at GSA sales. This commercial business practice has proven to be a popular alternative to cash and cashier's checks for buyers of surplus property and has allowed GSA to streamline the payment process. Additionally, instructions for the collection and deposit of sales proceeds were completely revised to provide for efficient processing by GSA regional sales offices.

B. EXPLANATION OF CHANGES, FY 1990 vs 1991

Program Changes. Includes an increase of $647,000 for ADP initiatives, a decrease of $270,000 for systems furniture, a decrease of $110,000 for WITS conversion performed in fiscal year 1990, and an increase of $644,000 for payments to General Management and Administration for centralized support services

Other Changes. Includes an increase of $134,000 for price inflation to cover the increased costs of goods and services, and $726,000 for part year and annualized cost of pay raise.

PROPERTY MANAGEMENT

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $9,760,000 - For 281 permanent positions and 280 workyears.

12.1 Personnel Benefits - $1,565,000 - Includes $725,000 for direct contributions to the Retirement Fund, $471,000 for health benefits, $25,000 for group insurance, $168,000 for FICA, $1,000 for employment/unemployment compensation, $155,000 for FERS, and $20,000 for thrift plan contributions.

21.0 Travel/Transportation of Persons - $491,000 - Includes $350,000 for personal property sales and travel associated with training, and $141,000 for motor pool.

22.0 Transportation of Things - $18,000 - For transportation charges, relocation of personnel and motor pool truckage.

23.1 Rental Payments to GSA - $1,025,000 - For space costs payable to the Federal Buildings Fund.

23.3 Communications, Utilities and Misc. Charges, - $319,000 - Includes $164,000 for general telephone, $41,000 for intercity (FTS), $10,000 for data transmission, $58,000 for postage and fees, and $46,000 for rental of administrative, operating and ADP equipment.

24.0 Printing and reproduction - $681,000 - Includes $339,000 for property management schedules, catalogs and Federal Property Management Regulations; and $342,000 for general use printing and reproduction costs.

25.0 Other Services - $871,000 - Includes $725,000 for commercial services, contract support, ADPE time/user services, and interagency payments related to ADP; $19,000 for payment to the Working Capital Fund; and $127,000 for payment to other GSA funds and other Government agencies.

26.0 Supplies and Materials - $81,000 - Includes $65,000 for office supplies, and $16,000 for supplies related to data systems activities.

31.0 Equipment - $50,000 - For the purchase of ADP equipment.

Excludes prorated amount of Service Direction. See Service Direction for distribution by object class.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Service Direction Dist. by Program:												
Supply................	34	$3,459	30	$3,443	30	$3,790	-	+$347	-	+$293	-	+$54
Transportation........	33	3,358	30	2,193	30	2,832	-	+639	-	+590	-	+49
Property Management...	33	3,358	30	2,494	30	3,184	-	+690	-	+632	-	+58
Total Resources.......	100	$10,175	90	$8,130	90	$9,806	-	+$1,676	-	+$1,515	-	+$161

BACKGROUND

This activity provides executive leadership, management direction and nationwide support for a national supply program, and a Governmentwide program for transportation/travel management and property management. This activity develops policy and provides nationwide support services in the areas of budget administration, financial management, data systems, management information systems and economic analysis.

The Service Direction regulatory activity provides guidance, information gathering and dissemination functions for the Federal Supply Service (FSS). These functions are essential to the execution of the FSS mission, but there is no method of attributing costs to individual activities. Therefore, costs are not recoverable through the General Supply Fund.

Beginning with fiscal year 1991, this activity includes $1,838,000 for payments to General Management and Administration for centralized support services.

EXPLANATION OF CHANGES, FY 1990 vs. FY 1991

Program changes. Includes an increase of $1,838,000 for payments to General Management and Administration for centralized support services, and a decrease of $323,000 in ADP initiatives.

Other changes. Includes $83,000 for price inflation to cover the increased costs of goods and services, and $78,000 for part year and annualized cost of pay raise.

The changes above are a non-add and are included in the Explanation of Changes for each activity.

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $3,771,000 - For 90 permanent positions and 90 workyears.

12.1 Personnel Benefits - $555,000 - Includes $173,000 for direct contributions to the retirement fund, $107,000 for health benefits, $49,000 for FICA, $9,000 for group insurance, $23,000 for employment/unemployment compensation, $178,000 for FERS, and $16,000 for thrift plan contributions.

21.0 Travel/Transportation of Persons - $107,000 - Includes $79,000 for travel associated with management functions, and $28,000 for motor pool.

22.0 Transportation of Things - $20,000 - For transportation charges, relocation of personnel and motor pool truckage.

23.1 Rental Payments to GSA - $345,000 - For space costs payable to the Federal Buildings Fund.

23.3 Communications, Utilities and Misc. Charges - $497,000 - Includes $93,000 for general telephone, $176,000 for intercity (FTS), $10,000 for data transmission, and $218,000 for postage and fees.

24.0 Printing and reproduction - $546,000 - Includes $412,000 for general use printing, and $134,000 for general use printing and reproduction costs.

25.0 Other Services - $3,309,000 - Includes $1,261,000 for inter-agency services related to ADP, $8,000 for payment to the Working Capital Fund, $6,000 for commercial contracts, $17,000 for payment to other GSA funds and other Government agencies, $179,000 for data publications, and $1,838,000 for payments to General Management and Administration for centralized support services.

26.0 Supplies and Materials - $217,000 - Includes $157,000 for office supplies, and $60,000 for supplies related to data systems activities.

31.0 Equipment - $439,000 - For administrative equipment.

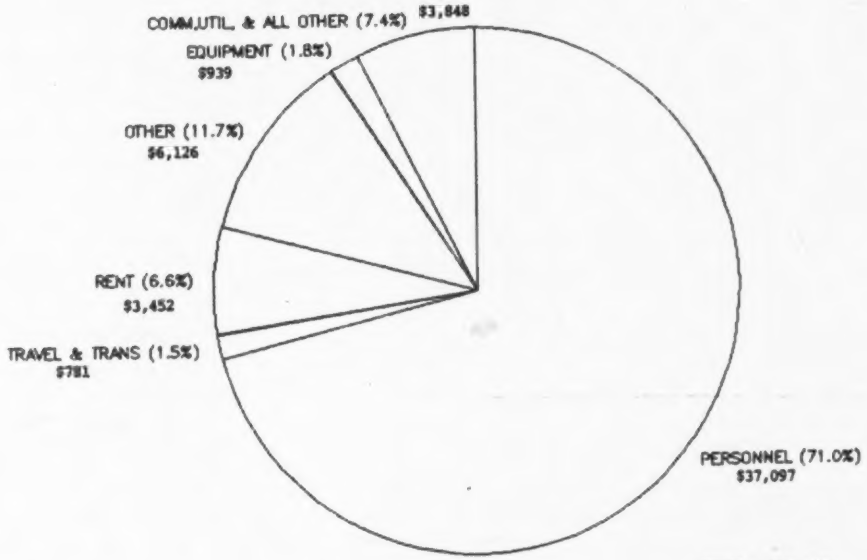
FEDERAL SUPPLY SERVICE
Operating Expenses [Direct Only]

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Increase or Decrease (-) for FY 1991 Total	Program	Other
Managerial and Administrative Officers................................	10	10	10	-	-	-
Program/Management/Budget/Systems Analysts................................	65	63	63	-	-	-
Procurement/Contracting/Purchasing......	213	205	205	-	-	-
Quality Assurance/Contract Specialists/ Chemists/Technicians..................	-	-	-	-	-	-
Inventory Management/Order Processing Specialists/Catalogers................	33	32	32	-	-	-
Warehouse Worker/Packer..................	-	-	-	-	-	
Supply Specialists.......................	29	28	28	-	-	-
Transportation/Travel Specialists.......	140	134	134	-	-	-
Freight Rate Specialists................	82	79	79	-	-	-
Property Management Specialists.........	260	250	250	-	-	-
Clerical Staff/Program Support..........	99	95	95	-	-	-
Sub-Total	931	896	896	-	-	-
Part-Time and Temporary Employment......	8	8	8	-	-	-
Total Workyears.............	939	904	904	-	-	-

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

FISCAL YEAR 1991 OE-FSS OBLIGATIONS
BY COST CATEGORY
(Dollars in Thousands)



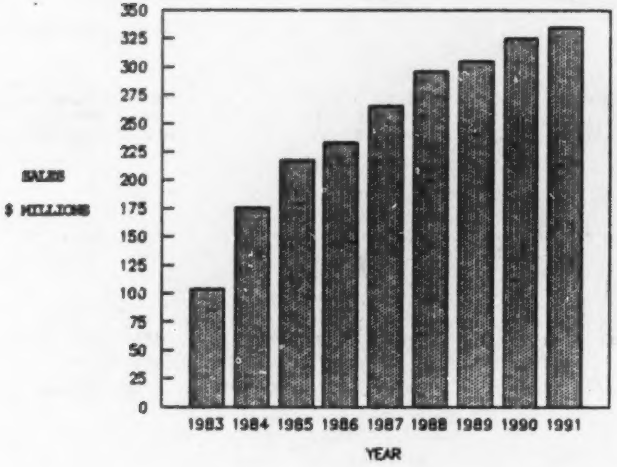
TOTAL = $52,243

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SELECTED WORKLOAD DATA

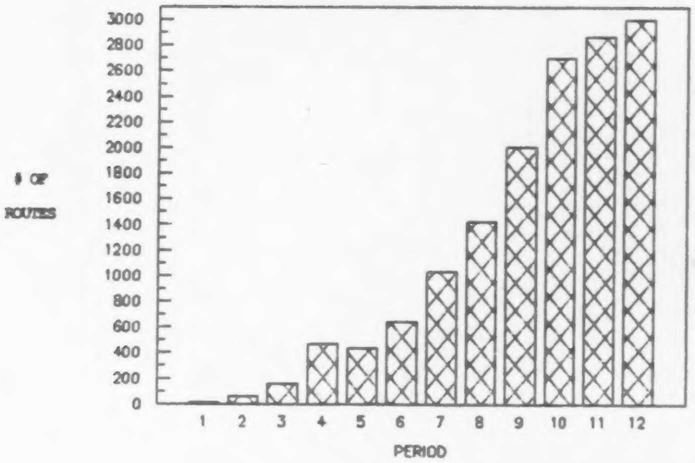
	FY 1989	FY 1990	FY 1991
SUPPLY			
SCHEDULE CONTRACTS	2,762	2,700	2,700
SALES VOLUME ($000)	$2,900,000	$3,100,000	$3,300,000
TRANSPORTATION			
HOTEL/MOTEL PROPERTIES	11,433	12,000	12,500
VOLUMES ($000)			
FREIGHT TRANSPORTATION SERVICES	$167,000	$191,000	$210,000
AIRLINE CITY-PAIRS	$274,800	$293,000	$301,000
TRAVEL MANAGEMENT CENTERS	$305,300	$325,000	$334,750
PROPERTY MANAGEMENT			
UTILIZATION TRANSFER ($000)	$964,330	$925,000	$975,000
DONATION ($000)	$473,090	$485,000	$500,000
SALES ($000)	$101,850	$90,000	$100,000

SALES FROM TRAVEL MANAGEMENT CENTERS
1983 - 1991



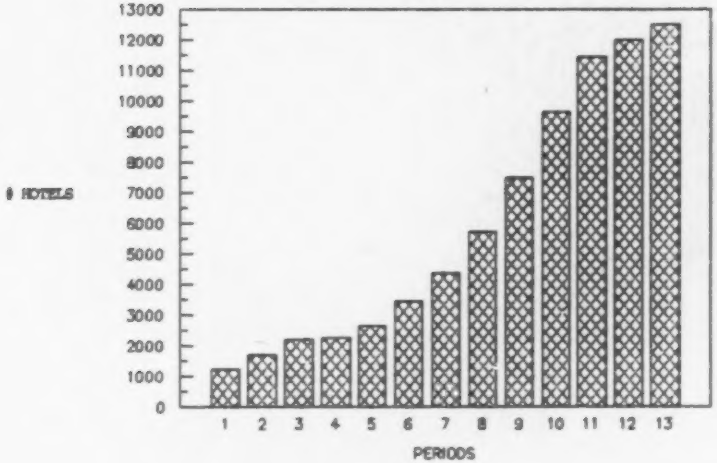
YEAR	SALES ($M)
1983	103.4
1984	175.3
1985	217.2
1986	233.0
1987	265.3
1988	296.3
1989	305.3
1990	325.0
1991	334.8

AIRLINE CITY-PAIRS
GROWTH FROM 1980 TO 1991



PERIOD	# OF ROUTES
(1) Jul-Dec 1980	11
(2) Jan-Jun 1981	58
(3) Jul-Sep 1982	160
(4) FY 1983	469
(5) FY 1984	437
(6) FY 1985	644
(7) FY 1986	1,029
(8) FY 1987	1,426
(9) FY 1988	2,009
(10) FY 1989	2,699
(11) FY 1990	2,869
(12) FY 1991	3,000

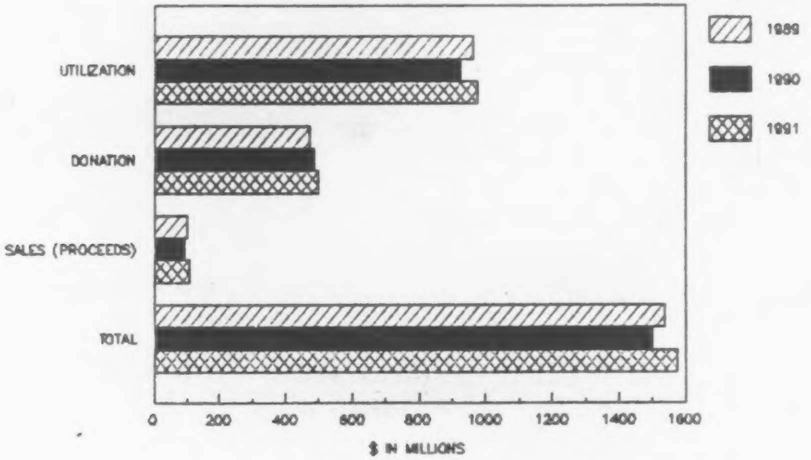
EXPANSION OF HOTEL/MOTEL PROPERTIES FROM JULY 1981 THROUGH FISCAL YEAR 1991



PERIOD	# HOTELS
(1) Jul-Dec 1981	1,200
(2) Jan-Jun 1982	1,700
(3) Jul-Dec 1982	2,200
(4) Jan-Jun 1983	2,245
(5) Jul-Dec 1983	2,630
(6) FY 1984	3,430
(7) FY 1985	4,357
(8) FY 1986	5,714
(9) FY 1987	7,497
(10) FY 1988	9,630
(11) FY 1989	11,433
(12) FY 1990	12,000
(13) FY 1991	12,500

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

PROJECTED PERSONAL PROPERTY GENERATIONS
FY 1989 - FY 1991



GENERAL SERVICES ADMINISTRATION

FEDERAL SUPPLY SERVICE

OPERATING EXPENSES

For expenses authorized by law, not otherwise provided for, necessary for property management activities, utilization of excess and disposal of surplus personal property, rehabilitation of personal property, transportation management activities, transportation audits by in-house personnel, procurement, and other related supply management activities, including services as authorized by 5 U.S.C. 3109; [47,644,000] $52,243,000.

(Independent Agencies Appropriation Act, 1990.)

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

There are no changes proposed for FY 1991.

FEDERAL SUPPLY SERVICE
Advances and Reimbursements

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	PERMANENT POSITIONS	WORK-YEARS	AMOUNT
FY 1990 Level of Reimbursable Services..........	27	27	$3,673
FY 1991 Level of Reimbursable Services..........	27	27	$3,809
Change from FY 1990 to FY 1991..........	-	-	$136

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1991

	Obligations						Increase or Decrease (-) for 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Miscellaneous Reimbursable	24	$2,680	27	$3,673	27	$3,809	-	$136	-	-	-	$136
Total....................	24	$2,680	27	$3,673	27	$3,809	-	$136	-	-	-	$136
Permanent Positions.......	27		27		27		-		-		-	

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

This activity provides supply support services to other Government agencies on a reimbursable basis. The principal activities involve: (1) providing technical support services to the Government of Saudi Arabia for a joint U.S./Saudi Arabian project known as CENPRO, for centralized procurement; (2) providing for the printing of the Federal Travel Directory through a reimbursable agreement with the Military Traffic Management Command; and (3) providing personal property services related to seized and forfeited property.

Authorizing Language

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies. The CENPRO supply management project is carried out under the auspices of the Joint Commission on Economic Cooperation and in accordance with the provisions of the Technical Cooperation Agreement between the Government of the United States and Saudi Arabia signed in 1975.

Explanation of Changes, FY 1990 vs FY 1991

Other Changes - Includes an increase of $82,000 for price inflation to cover the increased costs of goods and services, and $54,000 for part year and annualized cost of pay raise.

SUMMARY EXPLANATION OF CHANGES FROM FISCAL YEAR 1990 TO 1991
(Dollars in Thousands)

	Miscellaneous		Total Changes	
	Work-Years	Amount	Work-Years	Amount
OTHER CHANGES				
Inflation......................	-	$82	-	$82
Part year and annualized cost of pay raise..................	-	54	-	54
TOTAL CHANGES 1990 TO 1991.....	-	$136	-	$136

FEDERAL SUPPLY SERVICE
Advances and Reimbursements

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $1,622,000 For 27 permanent positions and 27 workyears.

12.1 Benefits - $264,000 - Includes $115,000 for direct contribution to the Retirement Fund, $19,000 for health benefits, $2,000 for group insurance, $11,000 for FICA, $63,000 for FERS, $10,000 for employment/ unemployment compensation, and $44,000 for moving/quarters allowance.

21.0 Travel/Transportation of Persons - $156,000 Includes $142,000 for subsistence of employees overseas and $14,000 for motor pool services.

22.0 Transportation of Things - $151,000 - For transportation charges, relocation of personnel and motor pool truckage.

23.1 Rental Payments to GSA - $259,000 - For space costs payable to the Federal Buildings Fund.

23.3 Comm., Utilities, and Misc. Charges - $29,000 - For general communications, intercity costs (FTS), postage and related fees, and the rental of administrative and operating equipment.

24.0 Printing and Reproduction - $125,000 - For general printing.

25.0 Other Purchased Services - $1,069,000 - For payments to commercial contractors and other Government agencies.

26.0 Supplies and Materials - $69,000 - For administrative supplies and operating materials.

31.0 Equipment - $65,000 - For ADP equipment.

Includes salaries, miscellaneous expenses and support costs of CENPRO (not to exceed 6 positions in FY 1991).

FTE'S are included in State Department personnel limitations.

FEDERAL SUPPLY SERVICE
Expenses of Transportation Audit Contracts
and Contract Administration

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991

(Dollars in Thousands)

	PERMANENT POSITIONS	WORK-YEARS	AMOUNT
FY 1990 Level Authorized by Public Law 101-136 from Transportation Audit Overcharges Collected...	14	14	$15,500
Adjustments:			
Reduction Pursuant to Public Law 99-177..	-	-	-217
FY 1990 Adjusted Level..	14	14	$15,283
FY 1991 Estimate from Collections...	14	14	$15,760
Change from FY 1990 to FY 1991..	-	-	$477

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1991

	Obligations						Increase or Decrease (-) for 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Activities:												
1. Audit Contracts.....	-	$13,250	-	$14,346	-	$14,753	-	$407	-	$407	-	-
2. Contract Administration......	15	1,746	14	937	14	1,007	-	70	-	-	-	70
Unoblig. Bal. Lapsing		4										
Total...............	15	$15,000	14	$15,283	14	$15,760	-	$477	-	$407	-	$70
Collections..........		$73,000		$59,000		$61,000		$2,000	-		-	
Permanent Positions	15		14		14		-		-		-	

FEDERAL SUPPLY SERVICE
Expenses of Transportation Audit Contracts
and Contract Administration

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

Public Law 99-88 provided that expenses of Transportation Audit Contracts and Contract Administration activities shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds.

Public Law 99-627 further provided prepayment audit authority for selected transportation bills, permanent authority to pay transportation audit contractors from carrier overpayments collected, and authority to transfer net overpayments collected to the Treasury. For fiscal year 1991, contract audit and contract administration expenses are estimated at $15.8 million. Total collections are estimated at $61 million.

FEDERAL SUPPLY SERVICE
Expenses of Transportation Audit Contracts
and Contract Administration

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO FY 1991
(Dollars in Thousands)

	AUDIT CONTRACTS		CONTRACT ADMINISTRATION		TOTAL CHANGES	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
PROGRAM CHANGES						
Increased contractor payments....	-	$407	-	-	-	$407
OTHER CHANGES						
Price inflation..................	-	-	-	$32	-	32
Part year and annualized cost of. pay raise......................	-	-	-	38	-	38
TOTAL CHANGES, 1990 TO 1991......	-	$407	-	$70	-	$477

FEDERAL SUPPLY SERVICE
Expenses of Transportation Audit Contracts
and Contract Administration

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $353,000 - For 14 permanent positions and 14 workyears.

12.1 Personnel Benefits - $57,000 - Includes $14,000 for direct contribution to the retirement fund, $18,000 for health benefits, $1,000 for group insurance, $1,000 for employment/unemployment insurance, $4,000 for FICA, $17,000 for OASDI/FERS contributions, and $2,000 for thrift plan contributions.

21.0 Travel and Transportation of Persons - $34,000 - For on-site contractor facility inspections on both a pre-award and post-award basis.

23.0 Comm., Utilities, and Misc. Charges - $4,000 - For general telephone.

25.0 Other Services - $15,134,000 - To cover contractual services for transportation audit firms and expenses related to contract administration.

26.0 Supplies and Materials - $5,000 - Includes $4,400 for office supplies, $400 for operating supplies, and $200 for technical publications.

31.0 Equipment - $173,000 - For the purchase of ADP equipment.

ANALYSIS OF AUTHORIZED LEVELS FOR FISCAL YEAR 1991
(Dollars in Thousands)

	FY 1989 Actual	89 vs 90 Change	FY 1990 Program	90 vs 91 Change	FY 1991 Estimate
A. Income/Cost Comparison - Summary					
1. Total Income................	$2,337,553	$163,247	$2,500,800	$59,800	$2,560,600
2. Total Expenses..............	2,286,859	207,716	2,494,575	66,025	2,560,600
3. Profit/(Loss)...............	$50,694	-$44,469	$6,225	-$6,225	-
B. Net Outlays.....................	-$88,548	+$88,548	-	-	-

DIGEST OF BUDGET ESTIMATES BY ACTIVITY - FISCAL YEAR 1991

	OBLIGATIONS						INCREASE OR DECEASE (-) for 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Supply Operations												
Stores, Regular.............	1,858	$1,049,473	1,862	$1,054,720	1,862	$1,068,613	-	$13,893	-	$8,047	-	$5,846
Stores, Direct Delivery.....	48	69,436	48	72,477	48	74,325	-	1,848	-	1,848	-	-
Special Orders..............	478	829,262	478	836,114	478	828,454	-	-7,660	-	-7,660	-	-
Export, Miscellaneous.......	290	35,710	290	35,889	290	36,248	-	359	-	359	-	-
2. Fleet Management............	922	259,670	1,019	230,013	1,019	239,214	-	9,201	-	8,800	-	401
Total Operations............	3,596	$2,243,551	3,697	$2,229,213	3,697	$2,246,854	-	$17,641	-	$11,394	-	$6,247
3. Capital Outlay												
a) Supply Operations.......	-	19,726	-	3,794	-	14,000	-	10,206	-	10,206	-	-
b) Interagency Fleet.......	-	184,579	-	326,210	-	342,500	-	16,290	-	16,290	-	-
Total Obligations..............	3,596	$2,447,856	3,697	$2,559,217	3,697	$2,603,354	-	$44,137	-	$37,890	-	$6,247
Permanent Positions............	3,502		3,586		3,586		-		-		-	

FEDERAL SUPPLY SERVICE
General Supply Fund

SUMMARY JUSTIFICATION OF FISCAL YEAR 1991 BUDGET ESTIMATES

BACKGROUND

Industrial Funding Legislation

Legislation was implemented "To amend the Federal Property and Administrative Services Act of 1949, as amended, and 31 U.S.C. 3726, relative to the General Supply Fund, and for other purposes," to authorize "full cost pricing" of supplies and services furnished by the General Services Administration (GSA) to other agencies and the industrial funding of GSA activities engaged in such functions.

Authority

P.L. 100-202, dated December 22, 1987, amends section 109, the General Supply Fund section of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended, hereafter referred to as the Act.

Method of Operation

The General Supply Fund is utilized to recover the full cost of all management, operation, and overhead expenses of the Federal Supply Service supply operations activities through the prices charged for goods and services provided to other agencies. Previously, GSA was permitted to charge only its direct cost of supplies and materials, transportation costs, and inventory adjustments; indirect costs were funded by direct appropriations. GSA also amended its regulations to authorize customer agencies to make purchases from other sources if justified in terms of economy, efficiency, or service. This exemption provision serves as a competitive control on GSA prices and provides incentive to assure quality control and timely delivery by GSA.

Indirect costs included in GSA prices do not exceed minimum levels necessary to provide quality service to customers. GSA is now able to react promptly to competitive forces by reducing or increasing rates and expenditures to provide for customer demands and to react to changing operating costs. Operating levels in the General Supply Fund under the industrial funding legislation are summarized as follows:

	1989 Actual	1990 Program	1991 Request
Total Income ($Million)	$2,337.6	$2,500.8	$2,560.6
Total Expense ($Million)	2,286.9	2,494.6	2,560.6
Total Current Year Profit/Loss ($Million)	$50.7	$6.2	-
Workyears	3,596	3,697	3,697

Capitalization

The current capitalization level of the General Supply Fund is adequate to accommodate the "industrial funding" concept. The Consolidated Budget Reconciliation Act of 1985 (COBRA) provisions on cost comparisons of Government vehicle fleets, however, placed requirements on the Fund that could not be met with existing capitalization and authorities. Therefore, the FY 1990 Independent Agencies Appropriation Act (P.L. 101-136) included a general provision permitting the obligation of current fiscal year payments due on motor vehicle leases, without regard to termination or cancellation costs. The provision applies to contracts entered intc over a four-year period, beginning with the enactment of P.L. 101-136 on November 3, 1989. Prior to expiration of the period, GSA will propose legislation providing a permanent solution, so the Interagency Fleet Management System can acquire vehicles in the most cost effective manner resulting in the lowest lease cost to user agencies.

Operating Results and Financial Condition

The fiscal year 1989 net income of the Fund was $50.7 million. After making provision for prior year losses, annual leave liability, and the effect of inflation on maintaining the level of the personal property inventory, the Fund was at a breakeven position. Total equity of the Fund at the end of fiscal year 1989 was $1,273.7 millions.

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES
(continued)

PROGRAM LEVELS

1. Supply Operations - Supply Operations financed through this Fund are segmented into the following subactivities:

a. Stores, Regular

Wholesale Distribution Centers - Includes the operation of distribution facilities through which commercial-type commodities are received, stored, and issued to Federal agencies on both a wholesale and retail basis. In fiscal year 1990, distribution sales are estimated to be $910.9 million, and $924.7 million is projected for fiscal year 1991.

Customer Supply Centers - Includes a stock program comprised of commodities which are of such common use by agencies as to warrant keeping them available through the Government's own distribution facilities. Items are purchased in this program in a volume sufficient to maintain inventories at reasonable levels to support issues upon receipt of requisitions. In fiscal year 1990 Customer Supply Center sales are estimated to be $134.9 million and $136.9 million in fiscal year 1991.

b. Stores, Direct Delivery - Includes store items which are ordered for direct delivery from suppliers to the requisitioning agency. Direct delivery is used where the quantity of an item requisitioned is sufficiently large, or where direct delivery is otherwise advantageous to save depot handling costs. In both fiscal years 1990 and 1991, Stores Direct Delivery sales are estimated to be $74.7 million.

c. Special Orders

Special Orders - Nonstores - Includes commodities which are not sufficiently common use or which otherwise do not warrant economical stocking in depots. These items are requisitioned by agencies to fill definite quantity requirements and are purchased for direct delivery to using agencies. In fiscal year 1990 Special Order - Nonstores sales are estimated to be $356.6 million and $339.5 million in fiscal year 1991.

Special Orders - Automotive - Includes participation in bid sample and two-step preaward evaluations, preproduction inspections and quality complements. In addition to the purchase of cars, trucks and other vehicles under the Special Orders Program, the Automotive Commodity Center awards contracts for automobile and light truck leases. In fiscal year 1990, Special Order-Automotive sales are estimated to be $482.2 million and $509.4 in fiscal year 1991.

d. Export, Miscellaneous - Includes special packaging, packing, and special handling, of store and non-store items for shipment to overseas destinations, primarily in conjunction with DoD and AID programs. Includes charges recovered for supply support services provided to other Government agencies on a cost reimbursable basis. In fiscal year 1990, revenue from these operations is estimated to be $22.9 million with an expected increase in fiscal year 1991 to $23.6 million.

2. Fleet Management - Interagency Fleet Management vehicle services are provided to Government agencies through a system of fleet management centers. Services are provided on both an assigned and dispatched vehicle basis. At the end of fiscal year 1989, there were 61 fleet management centers in operation with an active fleet of 110,179 vehicles. In fiscal year 1990 vehicle sales are estimated to be $518.6 million with an estimated active fleet of 118,000 vehicles and in fiscal year 1991 Interagency Fleet Management System (IFMS) sales are estimated at $551.8 million with an anticipated active fleet of 125,000 vehicles.

FEDERAL SUPPLY SERVICE
General Supply Fund

SUMMARY EXPLANATION OF CHANGES FROM FISCAL YEAR 1990 TO 1991
(Dollars in Thousands)

	Supply Operations		Interagency Fleet		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Program Changes						
1. Payments to General Management and Administration for centralized support services......................	-	$10,254	-	$6,770	-	$17,024
2. Estimated decreases in GSF obligations due to lower Special Orders procurement volumes....................	-	-7,660	-	-	-	-7,660
3. Estimated increases in business level in Fleet Management...................	-	-	-	$2,030	-	2,030
4. Changes in Capital Outlay:						
a. Supply Operations................	-	10,206	-	-	-	10,206
b. Interagency Fleet Management.....	-	-	-	16,290	-	16,290
Total Program Changes......................	22	$12,800	-	$25,090	-	$37,890
Other Changes						
1. Economic adjustments for goods and services..............................	-	$5,846	-	$401	-	$6,247
Total Other Changes.......................	-	$5,846	-	$401	-	$6,247
Total Changes, 1990 to 1991...............	22	$18,646	-	$25,491	-	$44,137

SUPPLY OPERATIONS
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Supply Operations	2,674	$1,983,881	2,678	$1,999,200	2,678	$2,007,640	-	+$8,440	-	+$2,594	-	+$5,846

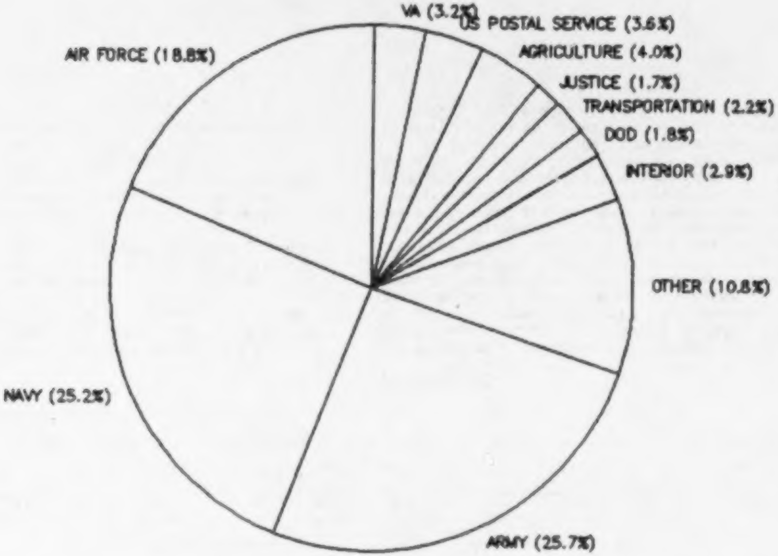
JUSTIFICATION

Under industrial funding, management, operations, and overhead expenses previously appropriated via Operating Expenses, Federal Supply Service, are absorbed in Supply Operations activities and recovered through the prices charged for goods and services provided to other agencies under these programs. Supplies and services are provided to Government agencies on a cost reimbursable basis through a supply system encompassing both stock (depot and customer supply centers) and special order delivery methods.

In fiscal year 1989, Supply Operations sales were $1,890.9 million with $1,982.2 million estimated for 1990 and $2,008.8 million estimated for 1991. Stock sales are projected to increase by 2.0 percent in fiscal year 1990 with industrial funding, and direct delivery volumes are projected to increase by 8.7 percent. As reflected in the following table, a 1.5 percent increase in stock sales is projected for fiscal year 1991. Direct delivery sales will increase by 1.1 percent over the same period:

Fiscal Year	Customer Support Volume Stock Sales ($M)	Change From Prior Year	Customer Support Volume Direct Delivery Sales ($M)	Change From Prior Year
1987	$866	-4.2%	$1,003	0.4%
1988	$921	6.4%	$1,053	5.0%
1989	$1,025	11.3%	$841	-20.1%
1990 (Est.)	$1,046	2.0%	$914	8.7%
1991 (Est.)	$1,062	1.5%	$924	1.1%

GSF - SUPPLY OPERATIONS
TOP TEN SALES TO CUSTOMER AGENCIES
(DOLLARS IN MILLIONS)



STORES REGULAR SALES - Fiscal Year 1989 $1,025.3

FLEET MANAGEMENT
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Interagency Fleet	922	$259,670	1,019	$230,013	1,019	$239,214	-	$9,201	-	+$8,800	-	+$401

BACKGROUND

Interagency Fleet Management System (IFMS) vehicle services are provided to Government agencies through a current network of 61 fleet management centers. Services are provided on a full-service lease basis, with user fees recovering the expenses of ownership, operations, maintenance, fuel, and management. In fiscal year 1990 vehicle sales are estimated at $519 million* with an active fleet of 118,000 vehicles. For fiscal year 1990 and 1991 both sales and fleet size are projected to increase as the result of consolidating Department of the Army vehicles. Current projections are $552 million in sales and a fleet of 125,000 vehicles in fiscal year 1991. The number of fleet management centers will increase correspondingly to 64 and 68 in fiscal years 1990 and 1991 respectively as the interagency fleet absorbs approximately 16,000 more agency-owned vehicles. FTE will be increasing over this period to accommodate fleet consolidations.

* Includes vehicle disposal proceeds.

JUSTIFICATION

GSA continues to modernize and enhance internal fleet operations, while focusing efforts on reducing the total cost of Government vehicle operations. Integral to this process has been the consolidation (transfer) pursuant to Section 211 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 491) of agency-owned motor vehicles and related equipment, supplies, and personnel. More than 24,000 agency-owned vehicles have been approved or are in the approval process for consolidation into the Interagency Fleet Management System (IFMS) through fiscal year 1989. These consolidations are estimated to save over $25 million annually. The consolidation program has been slowed to a great extent as Federal agencies, including GSA, comply with fleet management provisions of P.L. 99-272, the Consolidated Budget and Reconciliation Act of 1985 (COBRA). GSA is no longer considering new consolidations, but is proceeding only with those previously scheduled.

FLEET MANAGEMENT (Continued)

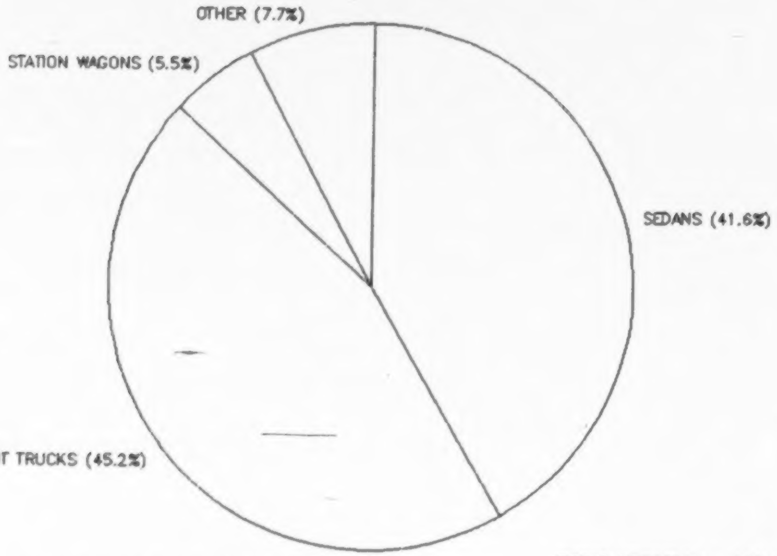
Ongoing assistance is being provided to agencies as they implement the requirements of P.L. 99-272, Federal Motor Vehicle Expenditure Control. Achievements in this area include:

- Issuance of Supplement 1 to FPMR Temporary Regulation G-48.
- Conduct of periodic meetings to keep Federal agencies informed of issues concerning P.L. 99-272.
- Generic Statement of Work (SOW) provided to Federal agencies to assist them in soliciting bids on their fleet operations, thereby encouraging competition with the commercial sector, under P.L. 99-272.
- Ongoing coordination with the private sector to ensure their concerns/comments are incorporated in agency solicitations.
- A cost identification guide issued for agencies' use in conducting the cost comparison studies.

In compliance with the goal of standardizing Governmentwide fleet accounting practices pursuant to P.L. 99-272, the Fleet Management Data System (FMDS) has been implemented and is operating successfully in all regions. The system has significantly reduced the workload of fleet management personnel, allowed for rapid growth in the fleet size, permitted faster payment of bills, and eliminated numerous forms and reports of a duplicative nature. Upcoming systems enhancements to improve the timeliness of recording vehicle disposal proceeds and to calculate sales and cost reimbursement amounts for reimbursable vehicle services will further improve the system.

GSA has accomplished numerous other tasks pursuant to its interagency fleet management mission. Among these was the development of a proposed rule to implement provisions of P.L 99-550, which govern the use of Government vehicles between an employee's residence and place of work, to ensure that Government passenger carriers are used only for official purposes. In addition, GSA is cooperating with Congressional Committees on proposals to institute tests and demonstration programs for alternative fuels in Federal vehicles. GSA has also continued its long-standing commitment to vehicle safety by adding 1,000 sedans equipped with motorized safety belts to its fleet of airbag-equipped vehicles.

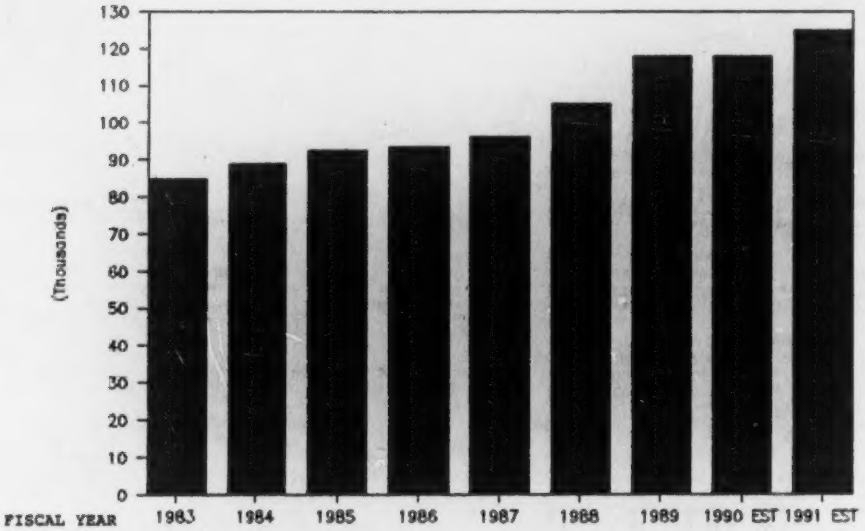
GSF - INTERAGENCY FLEET MANAGEMENT SYSTEM
COMPOSITION OF THE IFMS FLEET*
Fiscal Year 1989



TOTAL VEHICLES - 117,855

*INCLUDES GOVERNMENT OWNED AND LEASED VEHICLES

GSF - INTERAGENCY FLEET MANAGEMENT SYSTEM
GROWTH OF THE IFMS FLEET
(IFMS VEHICLE CONSOLIDATION PROGRAM)



FISCAL YEAR	1983	1984	1985	1986	1987	1988	1989	1990 EST	1991 EST
VEHICLES ON-HAND	84,957	89,043	92,554	93,468	96,222	105,149	117,855	118,000	125,000

Data as of the end of each Fiscal Year

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $117,276,000 - Provides for 3,586 permanent positions and 3,697 total workyears.

12.1 Personnel Benefits - $28,477,000 - Provides $6,922,000 for direct contributions to the Retirement Fund, $5,667,000 for health benefits, $268,000 for group insurance, $2,005,000 for FICA, $7,796,000 for FERS, $819,000 for Thrift Plan contributions and $5,000,000 for relocation expenses.

13.0 Benefits for Former Personnel - $560,000 - Provides $560,000 for pensions, annuities, or other retirement benefits due to former employees or their survivors.

21.0 Travel/Transportation of Persons (Direct) - $2,665,000 - Provides $2,067,000 for travel and transportation of persons costs directly related to the program area and accomplishing the organization mission, and $598,000 for motor pool payments.

22.0 Transportation of Things - $56,000,000 - Provides for transportation charges, relocation of personnel and motor pool truckage.

23.1 Rental Payments to GSA - $38,471,00 - Provides for space costs payable to the Federal Buildings Fund.

23.3 Communications, Utilities, and Misc. Charges - $32,000,000 - Provides $3,474,000 for intercity (FTS), $35,000 for data transmission, $4,254,000 for postage and fees, $769,000 for rental of commercial space, $21,517,000 for rental of vehicles, administrative, operating, and ADP equipment, and $1,951,000 for general telephone.

24.0 Printing and Reproduction - $4,483,000 - Provides $1,215,000 for printing of Interagency Fleet Management System directory, $973,000 for printing of vehicle operators guide, $421,000 for the fleet mileage reports, $409,000 for printing of COMP training guide, and $1,465,000 for general use printing and reproduction.

25.0 Other Services - $100,823,000 - Provides $21,829,000 for ADP commercial services, contract support and interagency costs, $1,629,000 for payments to other Government agencies, $58,623,000 payable to commercial contractors and other GSA funds, and $18,742,000 for payments to General Management and Administration for centralized support services.

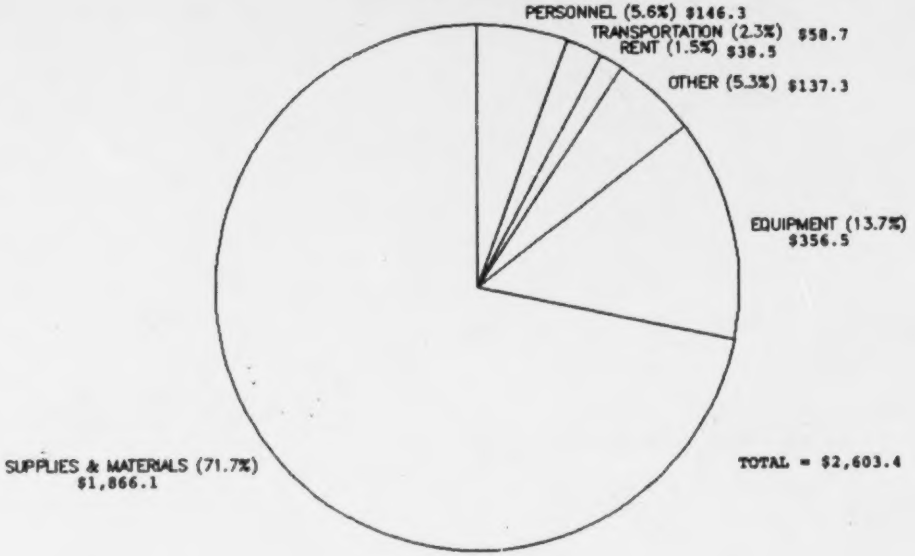
26.0 Supplies and Materials - $1,866,094,000 - Provides $74,000,000 for petroleum and related supplies, $1,791,534,000 for supply operations, $290,000 for office supplies, and $270,000 for operating supplies.

31.0 Equipment - $356,500,000 - Provides $342,500,000 for vehicles purchases, and $14,000,000 for ADP equipment.

42.0 Insurance Claims and Indemnities - $5,000 - Provides $5,000 for insurance claims, annuities paid to former employees, and indemnities for destruction or injury of persons or property.

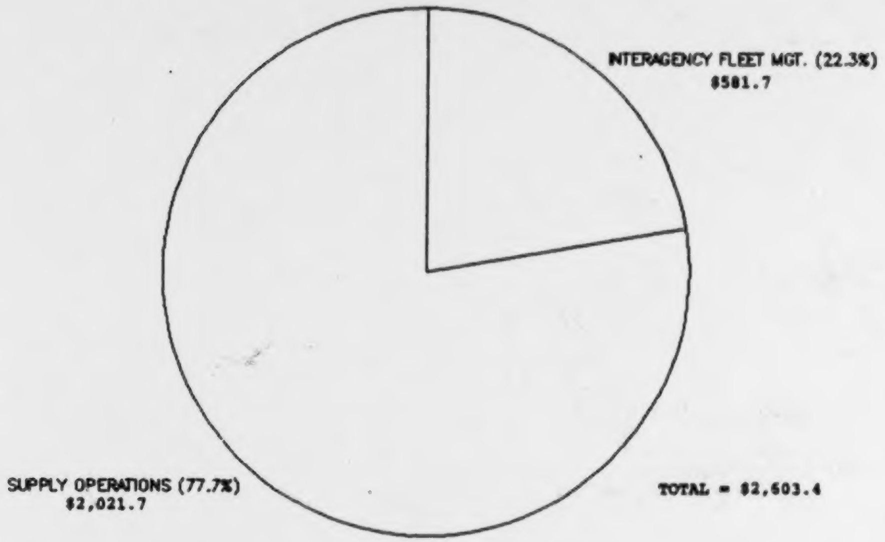
FEDERAL SUPPLY SERVICE
General Supply Fund

FISCAL YEAR 1991 GSF OBLIGATIONS
BY COST CATEGORY
(Dollars in Millions)



FEDERAL SUPPLY SERVICE
General Supply Fund

FISCAL YEAR 1991 GSF OBLIGATIONS BY PROGRAM (Dollar in Millions)



SELECTED WORKLOAD DATA

(Dollars in Millions)

Activity and Principal Workload Factors	1989 Actual	1990 Program	1991 Request	% Change Over 1990
Sales Levels				
1. Supply Operations				
a. Stores, Regular	$1,025.3	$1,045.8	$1,061.6	1.5%
b. Stores, Direct Delivery	63.2	74.7	74.7	-
c. Special Orders	778.0	838.8	848.9	1.2%
d. Export, Miscellaneous	24.4	22.9	23.6	3.1%
2. Fleet Management	446.7	518.6	551.8	6.4%
TOTAL SALES	$2,337.6	$2,500.8	$2,560.6	2.4%

FEDERAL SUPPLY SERVICE
General Supply Fund

SUMMARY OF EMPLOYMENT
(Number of Workyears)

PRINCIPAL CATEGORIES	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Increase or Decrease (-) for Fiscal Year 1991		
				Total Changes	Program Changes	Other Changes
Management/Program/Budget Analysts...........	224	224	224	-	-	-
Procurement Contracting/Purchasing...........	360	360	360	-	-	-
Motor Transportation Officers................	121	136	136	-	-	-
Quality Assurance/Cont. Spec./Chemist Tech...	350	350	350	-	-	-
Motor Transportation Specialists/Assistants..	102	102	102	-	-	-
Transportation Operation Specialists.........	79	89	89	-	-	-
Automobile Equipment Repair Inspectors.......	206	231	231	-	-	-
Inv. Mgmt./Order Proc Spec./Catalogers.......	406	406	406	-	-	-
Distribution Facilities Spec./Supply Spec....	164	164	164	-	-	-
Automotive Mechanics/Workers.................	299	335	335	-	-	-
Property Management Specialists..............	5	5	5	-	-	-
Motor Vehicle Utilization Operators..........	26	29	29	-	-	-
Transportation/Motor Pool Clerks.............	96	108	108	-	-	-
Data Transcribers............................	1	1	1	-	-	-
Material Sorters.............................	4	4	4	-	-	-
Warehousemen/Packers/Supply Clerks...........	501	501	501	-	-	-
Secretary/Typist/Clerical....................	380	380	380	-	-	-
Sub-total........................	3,324	3,425	3,425	-	-	-
Part-time and Temporary......................	272	272	272	-	-	-
Total............................	3,596	3,697	3,697	-	-	-

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ANNUAL
FINANCIAL
REPORT

GENERAL
SUPPLY
FUND

Symbol 47 X 4530

Principal Officials

Richard G. Austin Acting Administrator General Services	Donald C. J. Gray Commissioner Federal Supply Service

September 30, 1989

General Services Administration
Office of the Comptroller
Office of Finance

GENERAL SUPPLY FUND

Finanical Report

September 30, 1989

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GENERAL SUPPLY FUND

BACKGROUND

The General Supply Fund (GSF) was established under authority of the Federal Property and Administrative Services Act of 1949. Initial capitalization of the Fund was composed of the assets of the General Supply Fund created by Section 3 of the Act of February 17, 1929, (45 Stat.1342; U.S.C. 7c), and transferred to the Administrator of General Services by the Act of 1949.

Financial transactions of the Fund are reported to the Department of the Treasury under Fund Symbol 47X4530. For internal accounting purposes, the Fund is separated into separate subsidiaries, Supply Operations and Fleet Management Operations.

On December 22,1987 the President signed Public Law 100-202 which brought the Supply Operations program under a full cost recovery or industrial funding pricing structure. Prior to its implementation the pricing structure was designed to recover the cost of the goods purchased and related transportation charges. All other costs being funded through an annual appropriation from Congress. Under the new legislation all costs are to be recovered in the price structure.

FINANCIAL PROFILE

Fiscal Year 1989 was the first full year in which the entire General Supply Fund (GSF) was under Industrial Funding. Last year the Supply Operations Program became industrially funded near midyear. Industrial funding provides for the pricing of goods and services to recover the 'full' cost of operating the programs under the GSF.

The most significant accounting event of the fiscal year was a $24.5 million adjustment to reflect a reduction in the Cost of Goods Sold (COGS) related to the Wholesale Distribution Program in Supply Operations (Fund 255X). The adjustment related primarily to Warehouse replenishments dating back to Fiscal Year 1984 which were never invoiced or only partially invoiced. Although this is a large adjustment, it equates to less than one percent of Warehouse Sales over the last five years. Improved accounting procedures have been put in place to recognize these adjustments on a regular basis.

Other highlights are the following:

1. Cash is up $88.6 million due primarily to generation of large profits in the GSF during the current 1989 operating year designed to offset prior-year losses in the Fund as a result of the method under which industrial funding was implemented. Savings in the transportation of goods accounted for much of these profits.

2. Accounts Receivable are down $18.4 million below last year primarily because the sales activity in the second half of September 1989 for Supply Operations was $20.6 million lower than 1988's.

3. The Interagency Fleet Management System (Fund 455X) motor vehicle inventory is up $119.5 million from the prior year due to an increase in fleet support from approximately 105,000 to 121,000 vehicles resulting from consolidations of other agencies vehicle fleets into GSA's, and additional vehicle acquisitions to meet increased customer demand.

4. Capitalized Motor Vehicle Leases are up $28.5 million because the new three year vehicle lease contract is that much higher than the old leases which expired this year. Also, the related Accumulated Amortization is down $50.0 million because of the old leases expiring.

5. The drop in Accounts Payable of $42.7 million is due mainly to the $24.5 million Wholesale COGS adjustment mentioned above. The remaining $18.2 million difference can be attributed to drop in customer orders received in the latter part of September 1989 (ref. no. 2 above).

6. Current and Long-Term Capitalized Lease Liabilities are up $13.2 and $59.1 million respectively due to the new three year vehicle lease contract. (ref. no. 4 above.)

7. Net Results of Current Year Operations represent a profit increase of $41.6 million over last year due largely to the $24.5 million Wholesale COGS adjustment and the savings in transportation costs mentioned above, as well as the need to generate current year profits to offset accumulated prior year losses as discussed above.

8. In Fiscal Years 1987 and 1988, no surpluses were generated for retention in the Fund to counter the effects of inflation in maintaining the personal property inventory level, as provided by P.L. 96-12, dated June 5, 1981. The effects of inflation on the inventory for those years was $15.2 million, calculated based on an index published by the Bureau of Labor Statistics. The calculated Fiscal Year 1989 impact is $11.1 million. From Fiscal Year 1989 earnings, $12.7 million will be retained in equity in Fiscal Year 1990 as Capital Surplus.

LEROY P. BOUCHER
Deputy Comprtoller for Finance

GENERAL SUPPLY FUND

EXHIBIT A

Consolidated Balance Sheet
(in Thousands)
As of September 30

ASSETS	1989	1988
Current Assets:		
Cash	$249,185	$160,592
Accounts Receivable (Note 2)	189,698	208,076
Inventories: (Note 1B)		
Held for Sale	271,242	269,527
Operating Supplies	936	1,562
Advances to Others (Note 5)	88	87
Prepaid Expenses	9,723	8,676
Total Current Assets	720,872	648,520
Property & Equipment (Note 1C, 3)		
Motor Vehicles	1,012,795	893,263
Operating Equipment	40,966	46,088
Building & Land	1,748	1752
Less:		
Acc. Dpr. & Amortization - Property & Equipment	357,239	286,046
Total Property & Equipment	698,270	655,057
Capitalized Motor Vehicle Leases (Note 1H)	92,650	64,124
Less:		
Acc. Dpr. & Amortization - Cap. Motor Vehicle Leases	2,055	52,101
Total Cap. Motor Vehic. Leases	90,595	12,023
Total Assets	$1,509,737	$1,315,600

EXHIBIT A

GENERAL SUPPLY FUND

Consolidated Balance Sheet
(in Thousands)
As of September 30

LIABILITIES	1989	1988
Current Liabilities:		
Accounts Payable (Note 4)	$132,553	$175,289
Capitalized Lease Liability (Note 1E)	13,168	0
Advances from Others (Note 6)	2,058	1,869
Deferred Income	90	660
Total Current Liabilities	147,869	177,818
Long-Term Liabilities:		
Annual Leave Liability (Note 1 D)	10,766	8,219
Capitalized Lease Liability (Note 1 E)	77,724	18,639
Deferred Lease Impact (Note 1 F)	-299	-6,616
Total Long-Term Liabilities	88,191	20,242
Total Liabilities	236,060	198,060

INVESTMENT OF U. S. GOVERNMENT

Retained Earnings: (Note 1G)		
Net Results of Operations (Note 7)	59,323	17,720
Prior Year Losses Brought Forward	-35,808	-53,528
Capitalized Surplus	49,775	49,775
Reserve for Replacement Cost Pricing	407,508	324,734
Provision for Unamortized Annual Leave Liability (Note 1 D)	-10,766	-8,219
Total Retained Earnings	470,032	330,482
Capital:		
Appropriated Capital	518,398	518,398
Other Capital	285,247	268,660
Total Capital	803,645	787,058
Total Investment of US Government	1,273,677	1,117,540
TOTAL LIABILITIES AND INVESTMENT OF UNITED STATES GOVERNMENT	$1,509,737	$1,315,600

The accompanying footnotes to the financial statements are an integral part of the financial statements.

EXHIBIT B

GENERAL SUPPLY FUND

Consolidated Income Statement
(in Thousands)
For the Fiscal Year Ended September 30

SALES	1989	1988	Percent Change
Supply Operations:			
Wholesale Distribution Ctrs.	$874,059	$789,545	10.7%
Customer Supply Ctrs.	134,359	118,240	13.6%
Fuel Yard	13,952	13,115	6.4%
Direct Delivery - Stores	63,175	62,383	1.3%
Direct Delivery - Nonstores	777,937	990,477	-21.5%
Export & Other Special Activities	23,486	23,192	1.3%
Furniture Reclamation Center	2,930	2,970	-1.3%
Total Supply Operations Sales	1,889,898	1,999,922	-5.5%
Fleet Management Sales & Services	373,317	340,473	9.6%
Vehicle Sales	72,025	74,601	-3.5%
Total Fleet Management Sales	445,342	415,074	7.3%
Total GSF Sales	2,335,240	2,414,996	-3.3%
COST OF SALES			
Supply Operations:			
Wholesale Distribution Ctrs.	849,977	802,190	6.0%
Customer Supply Ctrs.	124,813	110,461	13.0%
Fuel Yard	13,204	13,695	-3.6%
Direct Delivery - Stores	65,938	64,671	2.0%
Direct Delivery - Nonstores	773,851	997,057	-22.4%
Export & Other Special Activities	27,034	23,677	14.2%
Furniture Reclamation Center	2,137	2,190	-2.4%
Total Supply Operations Cost of Sales	1,856,954	2,013,941	-7.8%

EXHIBIT B

GENERAL SUPPLY FUND

Consolidated Income Statement
(in Thousands)
For the Fiscal Year Ended September 30

	1989	1988	Percent Change
Fleet Management Operations			
*Cost of Sales	286,985	250,621	14.5%
*Cost of Vehicles Sold	66,358	64,572	2.8%
Total Fleet Management Operations	353,343	315,193	12.1%
Total Cost of Sales	2,210,297	2,329,134	-5.1%
GAIN OR (LOSS)			
Supply Operations	32,944	-14,019	N/A
*Fleet Management Operations	91,999	99,881	-7.9%
*Total Gain or (Loss)	124,943	85,862	45.5%
Other Income or (Expense)	8,525	-6,061	N/A
*Total Gain or (Loss) for Period	$133,468	$79,801	67.3%

* Does not include Replacement Cost Pricing (RCP) Expenses of $ 82,774 and $ 62,234 for 1989 and 1988 respectively.

The accompanying footnotes are an integral part of this statement.

EXHIBIT C

GENERAL SUPPLY FUND
Consolidated Statement of Changes in Financial Position
(In Thousands)

For the Fiscal Year Ended September 30

	1989	1988
SOURCE OF FUNDS:		
OPERATIONS:		
Gross Revenues	$2,337,553	$2,423,615
Expenses	2,204,085	2,343,814
Excess of Revenues over Expenses	$133,468	$79,801
Items Not Affecting Working Capital:		
Depreciation Expense	$105,721	$101,957
Annual Leave Liability	2,547	153
Adjustments & Writeoff of Fixed Assets	4,942	-16,797
All Items Not Affecting Working Capital	$113,210	$85,313
Property & Equipment Sales	66,367	69,993
Capital Lease Liability (Including Deferred Lease Impact)	65,402	0
TOTAL SOURCE OF FUNDS	$378,447	$235,107

EXHIBIT C

GENERAL SUPPLY FUND
Consolidated Statement of Changes in Financial Position
(In Thousands)

For the Fiscal Year Ended September 30

	1989	1988
APPLICATION OF FUNDS:		
Purchase of Property & Equipment		
Equipment	$12,806	$9,250
Motor Vehicles	184,768	206,458
Total Purchases	197,574	215,708
Capitalized Motor Vehicle Leases	78,572	0
TOTAL APPLICATION OF FUNDS	276,146	215,708
NET CHANGE IN WORKING CAPITAL	$102,301	$19,399

Changes in Components in Working Capital:		
Current Assets:		
Cash	$88,593	($20,592)
Accounts Receivable	-18,378	16,087
Inventories:		
Held for Sale	1,715	24,796
Operating Supplies	-626	-240
Advances to Others	1	-2
Prepaid Expenses	1,047	-1,904
Current Liabilities:		
Accounts Payable	42,736	567
Capitalized Lease Liab.	-13,168	821
Deferred Income	-189	-476
Advances from Others	570	342
	--------	--------
NET CHANGE IN WORKING CAPITAL	$102,301	$19,399
	=======	=======

The accompanying notes are an integral part of the above statements.

EXHIBIT D

GENERAL SUPPLY FUND

Consolidated Statement of Changes in Equity of United States Government
(In Thousands)

As of September 30

	1989	1988
Retained Earnings:		
Beginning of Year Balance	$330,482	$256,763
Additions		
Net Results of Operations (Note 7)	59,323	17,720
Reserve for R.C.P.	82,774	62,234
Capitalized Surplus	0	0
Reductions		
Portion of C/Y Profits due Treasury	0	0
Provision for Ann. Lv. Lia.	2,547	153
Provision for Ann. Lv.Lia. transferred from the Appropriation	0	6,082
End of Year Balance	470,032	330,482

Appropriated Capital:		
Beginning of Year balance	518,398	518,398
Additions	0	0
End of Year balance	518,398	518,398
Other Capital:		
Beginning of Year balance	268,660	255,598
Additions	16,587	13,062
End of Year balance	285,247	268,660
Total Investment of U.S. Government	$1,273,677	$1,117,540

The accompanying notes are an integral part of this statement.

TUESDAY, FEBRUARY 20, 1990.

FEDERAL PROPERTY RESOURCES SERVICE

WITNESSES

EARL E. JONES, COMMISSIONER

VILMA E. COLON, ACTING DIRECTOR, PROGRAM SUPPORT OFFICE

JOHN V. NEALE, JR., ASSISTANT COMMISSIONER, REAL ESTATE POLICY AND SALES

OPENING REMARKS

Mr. ROYBAL. Mr. Jones.

Mr. JONES. Mr. Chairman and Members of the Subcommittee, I will submit a formal statement for the record and briefly summarize. I have with me today the Acting Director of Program Support, Ms. Vilma Colon, and the Assistant Commissioner of Real Estate Policy and Sales, Mr. John Neale.

We are requesting $12,798,000 for operating expenses for this program. This represents an increase of $1,726,000 over the current 1990 funding level of $11,072,000. The increase is for the protection and maintenance of real estate, pay raises, net rent adjustments, inflationary costs of goods and services, and also for the centralized support services payment.

At that funding level, we expect to dispose of approximately $345 million worth of property that would include approximately $40 million in transfers to other federal agencies, $55 million in public benefit discount conveyances, and approximately $250 million in sales proceeds. We are also requesting an appropriation of $8 million for our funding of the Relocation Program. This is a slight increase of $58,000 over the amount appropriated last year, which was $7,942,000.

We are estimating our requirements for expenses disposal at $3,800,000 of which $517,000 is for the Public Buildings Service outleasing program. These funds are for services that we contract out for appraisal services, auctioneers, land surveying, and advertising. We are also deeply involved in working with the Department of Defense on the military base closure initiative, and with HUD and HHS on implementation of the Stewart B. McKinney Homeless Assistance Act.

[The prepared statement of Earl E. Jones follows:]

OPENING STATEMENT

Earl E. Jones

Commissioner
Federal Property Resources Service (FPRS)
General Services Administration (GSA)

Hearings Before the
House Subcommittee on the Treasury, Postal Service
and General Government Appropriations
of the
House Committee on Appropriations

February 20, 1990

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss with you the Federal Property Resources Service (FPRS) budget request for fiscal year 1991. First, I would like to introduce Ms. Vilma Colon, my Acting Director of Program Support, and Mr. John Neale, Assistant Commissioner for the Office of Real Estate Policy and Sales.

The Federal Property Resources Service promotes the maximum utilization of real property by Federal agencies and minimizes new procurements of real property by transferring available excess property among agencies. We provide Government-wide policy, oversight and guidance for Federal real property management, and develop legislative initiatives that seek to improve such management. We also provide for the economic and efficient disposal of surplus real property by sale, exchange, lease, permit, assignment, or transfer for both private and public purpose.

Our basic Operating Expenses appropriation request of $12,796,000 for fiscal year 1991 is for the Office of Real Estate Policy and Sales. This request represents an increase of $1,726,000 over our enacted 1990 appropriation. We are also requesting an appropriation of $8,000,000 for Real Property Relocation expenses. This request represents an increase of $58,000 over our enacted 1990 appropriation. This appropriation covers relocation costs involved in moving agencies from valuable, underutilized property, targeted for public sale, to facilities determined to be more economically suitable to their needs.

The relocation program, which serves as an incentive for agencies to better manage the Federal Government's real estate assets, is an essential part of the FPRS overall real property disposal program. Receipts from sales of real property are targeted at $125 million in fiscal year 1990 and $150 million in fiscal year 1991. The relocation initiative will greatly assist in achieving these goals and help to reduce the Federal deficit. We believe the success of this relatively new program justifies the additional funds we are requesting in fiscal year 1991 and we would appreciate your continuing support. For example, in fiscal year 1989, we executed 2 relocations at a total cost of $4.9 million with $5.4 million in sales proceeds already realized from one vacated site and approximately $12 million expected to be realized this year from resale of the other vacated site for a benefit/cost ratio of better than 3.5 to 1. In fiscal year 1990, $7.9 million was approved for the relocation program. We expect to complete 2 projects with a benefit to cost ratio of 4.2 to 1.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

A. Basis of Accounting

The accrual basis of accounting is applied in recognizing the significant and accountable aspects of financial transactions as they occur. Generally, the accrual basis of accounting is applied in the recognition of income when the services are rendered, or the sale is consummated, and expenses are recorded upon receipt of the goods and services.

B. Inventories

Inventories are generally valued at average cost price. The average cost price is recalculated each time a receipt is recorded in the inventory record. Statistical sampling of physical inventory records are employed annually to support the recorded values.

C. Property and Equipment

Motor Vehicles and operating equipment are recorded at cost including transportation charges and any discounts allowed.

D. Annual Leave Liability and Provision for Unamortized Annual Leave

Annual Leave Liability represents the dollar value of unused annual leave which may become due and payable in future years. At the time of its recording no obligation is incurred. The associated expense is recorded as an unfunded expense account. At yearend it is closed to a contra-equity account, Provision for Unamortized Annual Leave.

E. Capitalized Lease Liability

Represents the net present value of the future payments due on the capitalized motor vehicle lease, which contain a three year life, and which was entered into in FY 1989.

F. Deferred Lease Impact

Represents that portion of generated income which is attributable to future accounting periods and which is used to meet future lease obligations.

G. Retained Earnings

Retained Earnings are the earnings retained as permanent equity of the Fund under authority of Public Law 96 - 12, dated June 5,1981. The upward adjustment covers changes in prices for existing inventory. The amount of earnings retained is calculated based on an index published by the Department of Labor's Bureau of Labor Statistics.

H. Motor Vehicle Leases

FSS entered into a long-term lease which covered about 11,000 vehicles. The lease is for a period of three years, and can be terminated at the leasee's option on their anniversary dates. The leasee's liability is for the monthly lease costs and the capitalized residual value. This capitalized residual value is determined by writing off 1.3% of the capitalized value for each month the lease is in effect.

NOTE 2. Accounts Receivable

At September 30, receivables were the following:

	1989	1988
Billed	$75,904	$52,614
Unbilled	118,967	161,049
Less:	194,871	213,663
Allowance for Doubtful Accounts	5,173	5,587
All Accounts Receivable	$189,698	$208,076
Trade	8,781	8,055
Grovernment	180,917	200,021
Total	189,698	208,076

NOTE 3. Property and Equipment

At September 30, the property & equipment account was:

	1989	1988
Motor Vehicles	$1,012,795	$893,263
Less: All. for Depreciation	334,165	261,113
Net Motor Vehicles	678,630	632,150
Operating Equipment	40,966	46,088
Less: All. for Depreciation	21,747	23,622
Net Operating Equipment	19,219	22,466
Land & Buildings	1,748	1,752
Less: All. for Depreciation	1,327	1,311
Net Operating Equipment	421	441
All Property & Equipment	$698,270	$655,057

NOTE 4. Accounts Payable

At September 30, the payables account was:

	1989	1988
Trade	$127,341	$155,093
Government	5,212	20,196
All Payables	$132,553	$175,289

NOTE 5. Advances to Others

At September 30, the Advances to Others account was:

	1989	1988
To Employees(Travel)	$88	$87
To Contractors	0	0
All Advances	$88	$87

NOTE 6. Advances from Others

At September 30, the Advances from Others account was:

	1989	1988
From Other Agencies or Funds	$1,946	$914
From Contractors	112	955
All Advances	$2,058	$1,869

NOTE 7. Net Results of Operations

	1989	1988
Total Gain (or Loss)	$133,468	$79,801
C/Y Reserve for R.C.P.	-82,774	-62,234
C/Y Provision for Annual Leave Liability	8,629	153
Net Results of Operations	$59,323	$17,720

RESPONSIBILITY FOR FINANCIAL STATEMENTS

All information contained in this annual report, including the financial statements of the General Supply Fund, has been prepared by the Office of Finance, which is responsible for the accuracy and internal consistency of the data. In carrying out this responsibility, we have followed those generally accepted accounting principles which we believe to be most appropriate in the circumstances. We have made reasonable and prudent judgments where necessary.

The General Services Administration operates under a system of internal accounting controls designed to provide reasonable assurance that its financial records are accurate, that the assets of the Agency are protected, and that the statements present fairly the position of the funds under the control of the Administrator.

Additionally, FPRS has a significant role in executing the Stewart B. McKinney Homeless Assistance Act (McKinney Act), Public Law (P.L.) 100-77, as amended by P.L. 100-628 on November 7, 1988. We work closely with the Department of Housing and Urban Development, the Department with lead responsibility for implementing the McKinney Act, and the Department of Health and Human Services, in the identification and use of Federal real property for homeless purposes.

Lastly, the Defense Authorization Amendments and Base Closure and Realignment Act (P.L. 100-526) of October 24, 1988, authorizes the Department of Defense (DOD) under delegated authority from GSA, to dispose of unneeded military installations, so identified by the Base Closure Commission and approved by Congress, and to use the proceeds from sale for DOD programmatic purposes. FPRS has a significant role in this initiative and in this regard, under a formal Memorandum of Understanding with the Department of the Air Force. FPRS is providing technical and administrative assistance to the Air Force on a cost reimbursable basis, in disposing of five major installations.

Mr. Chairman, the FPRS program for 1991 is consistent with our efforts and successes in continuing to improve real property asset management in the Federal Government. I thank you for the opportunity to make these remarks. I will be glad to answer any questions you or the Committee may have.

Mr. ROYBAL. Would you please provide for the committee a breakdown of how that $1.7 million will be used?

Mr. JONES. Yes.

[The information follows:]

BREAKDOWN OF INCREASE

The following is a breakdown of the $1,726,000 increase from FY 1990 to FY 1991 for the Federal Property Resources Service, Operating Expenses (Direct).

[In thousands of dollars]

	Amount
Program changes:	
Protection and maintenance	1,172
Payments to general management and administration for centralized support services	142
Total program changes	1,314
Other changes:	
Rent increases-PBS	18
Part year and annualized cost of pay raise	247
Inflation of goods and services	147
Total other changes	412
Total changes, fiscal year 1990 to fiscal year 1991	1,726

Mr. ROYBAL. So we have a record of that and will be able to look at it when we do the markup.

Mr. JONES. Yes.

SALE OF PROPERTY

Mr. ROYBAL. The sale of property in 1990, do you have that for the record? And what it will be in 1991?

Mr. JONES. Yes, I can give you that.

[The information follows:]

Our sales receipts goals for fiscal year 1990 and 1991 are $125 and $150 million, respectively.

DISPOSAL OF PROPERTY

Mr. JONES. Mr. Chairman, I would like to preface my statement with regard to our program in general.

In this program, our performance is generally measured by the number of properties we dispose of and the dollars that we generate to go into the Land and Water Conservation Fund and ultimately to the Treasury. The most difficult part of this program is motivating agencies to release unneeded federal real estate.

Our problems are now somewhat compounded by the military base closure initiative, since approximately 85 percent of the properties that would be reported to GSA for disposal would come from the Department of Defense. We work extremely hard to try to get more and more unneeded federal real property reported excess. In 1990 our OMB-approved goal is to generate $125 million in sales receipts. We expect to achieve that goal. We have an overall goal to dispose of approximately $200 million worth of property.

Historically, if you look at our program, particularly over the past few years, we have been able to get agencies to release approximately $200 million worth of property annually and we have been disposing of between $150 and $200 million worth of property a year.

We had an interesting situation last year. For the first half of the year we were unable to dispose of any properties until such time as the courts were satisfied that we had complied with the Stewart B. Kinney Homeless Assistance Act. Although we were prevented from disposing of property for the first half of the year, we were still able to complete approximately $160 million in real estate transactions.

That includes $83 million in sales receipts, approximately $24 million in federal utilization transfers, and $54 million in donations. Those donations include about $35 million in leases and permits for the homeless. We established about 22 homeless sites worth $35 million.

For 1991, the objective is to dispose of approximately $345 million worth of property, generate $250 million in sales proceeds and $150 million in sales receipts, and also to donate property.

How do we expect to get there? We consider our program to be somewhat at a crossroads. We have been fending off a lot of special legislation by agencies to dispose of their own properties, mainly because they want to use the sales proceeds for their own programmatic purposes, and they can't do that under GSA's program.

We are attempting to fend that off in various ways, but we are also pursuing doing more work for agencies with their own disposal authorities, such as TVA, the U.S. Marshals Service, and Treasury as it involves property seized because of illegal drugs. We have a well-defined program that we are in the process of implementing which will assist these agencies on a cost reimbursable basis.

SURPLUS PROPERTY

Mr. **Roybal**. What happens now? When one of these departments has property in surplus, does the money go to them or GSA?

Mr. **Jones**. The money goes back to that agency.

Mr. **Roybal**. But they don't all have that capability?

Mr. **Jones**. That is right.

Mr. **Roybal**. What would happen to an agency without that capability?

Mr. **Jones**. In those cases GSA is the disposer of the property and the proceeds from the sale go into the Land and Water Conservation Fund administered by Department of Interior. If the receipts are not obligated within a two-year period by Interior, they are deposited into miscellaneous receipts of the Treasury for deficit reduction.

Mr. **Roybal**. So regardless of where the property is, the money still goes into the Fund in the Department of Interior?

Mr. **Jones**. With few exceptions, money generated from the sale of property reported to GSA goes into the Land and Water Conservation Fund administered by Interior.

Mr. **Skeen**. But if not, if the agency does it themselves they can retain the money?

Mr. **Jones**. Yes, that is correct. Then, what the agencies have been doing, and this is why we are very, very concerned, is seeking their own authority to dispose of their own properties, and that legislation invariably says they can retain the sales proceeds and use the sales proceeds for their own programmatic purposes.

REIMBURSEMENT FOR SALES

Mr. **ROYBAL**. Would GSA be reimbursed for the trouble of selling?

Mr. **JONES**. Yes, we get reimbursed for our costs.

Mr. **ROYBAL**. Do you get, say, 6 percent of the sales price?

Mr. **JONES**. No, we develop our cost by line item. We are pretty good at disposing of real estate and are extremely cost-effective.

Invariably, when we perform services for other agencies, the cost runs about 2 percent of the value.

Mr. **ROYBAL**. That is better than 5 or 6 percent.

Mr. **EARLY**. The funding of the program comes from proceeds of the sale ultimately. Mr. Jones is successful enough that he does generate money.

Mr. **ROYBAL**. Mr. Skeen, may I proceed?

Mr. **SKEEN**. Yes, I would like to follow up on this, too.

Mr. **ROYBAL**. You follow up.

Mr. **SKEEN**. In connection with GSA sales versus agency sales, one of the first statements made is that it is difficult to encourage agencies under the present format to release property. Is it any easier for them to release it when they have authority?

Mr. **JONES**. They don't have nearly as many impediments to deal with as we have.

Mr. **SKEEN**. So they have a freer flow?

Mr. **FONTAINE**. They are able to keep the receipts. It makes a lot of difference.

Mr. **SKEEN**. It leads me to believe that the agencies don't adhere to the program as it was set up. They tend to want to retain properties as long as possible.

Mr. **FONTAINE**. They will argue that it will cost them to move to another locale, even if it is a valuable piece of property. Then the money goes to Interior, so what's in it for them?

Mr. **SKEEN**. But then their plotting strategy changes when they have the access to sales on their own. It is a lot different. The carrot is on the wrong end of the horse.

Mr. **FONTAINE**. Yes, sir.

Mr. **JONES**. It is not unusual for the agencies after they get that special authority to come back and ask us to be the disposal agency.

REAL PROPERTY RELOCATION

Mr. **SKEEN**. In this connection, what is more effective as far as the government as a whole is concerned? It is more effective if GSA handles the sale and disposes of them in an orderly fashion, then returns can be made to the Treasury rather than being siphoned off into some agency's fiefdom.

Mr. **JONES**. What we have now are people who have little or no experience in this area which probably drives up the cost of operations.

As a part of our strategic planning for our program, we are reviewing the issue and making recommendations to the problems.

Mr. **Early**. Mr. Skeen, we have focused on that and tried to be realistic.

We have come up with some innovative ideas. With this committee's approval, we have a Relocation Program where, for example, an agency has a property or a facility that is underutilized, and, in many cases, it is an old facility. The agency does not have the resources to repair it.

So, we have a program that will enable them to get a new facility. The agency gets a new facility, and the old facility can be sold. FPRS gets a good return for selling the property. The relocation program is an incentive to make property available for sale that previously was not for sale.

We are pursuing legislation with OMB that puts a carrot out there and lets agencies have some portion of the proceeds as an incentive to free up the land.

So we are trying to have asset management on everybody's plate and come up with innovative ideas for encouragement.

Mr. **Skeen**. Are you getting any response?

Mr. **Early**. Yes.

Mr. **Skeen**. Okay.

Mr. **Jones**. If I might make one last comment.

One of the objectives of our program, is not only to dispose of unneeded land. but to motivate agencies to manage their assets better.

The agencies are much more cognizant of their valuable real estate assets now and that is one of the reasons there is a proliferation of legislation authorizing agencies to dispose of their real estate so they can get the money.

I have been in this program since 1962, and in those days, this wasn't even thought of. But now the agencies have discerned the value of their real estate holdings as a result of utilization surveys performed by GSA. We determine the extent to which they are utilizing their property and we make recommendations as to whether it should be retained or released. For example, a number of the sites recommended for closure by the Military Base Closure Commission were sites that GSA identified years ago as candidates for release.

Mr. **Skeen**. Can we read that old report?

Mr. **Early**. There is an incentive for them to say you are right.

Mr. **Skeen**. Mr. Chairman, I would encourage you to keep progressing with the promulgation of a program that encourages agencies to take a look at the property and to deal with you. I think you evidently have a good start on it and are going in the right direction.

If this develops into a situation where the agencies are wholesale, working their own property, relocation, I think we are in big trouble. That invites, I think, more problems than it solves if I were just to judge it from the outside.

Thank you, Mr. Chairman.

PROPERTY DISPOSAL

Mr. **Roybal**. Mr. Wolf?

Mr. **Wolf**. Thank you.

To follow up, it seems that the trend is going the other way. The base closings are relegated to the Defense Department. Justice uses the Marshal's Service when they auction off property seized in drug raids. It seems to me that you all are losing jurisdiction.

Mr. JONES. There is a perception, I think, of that; but in actuality, more property is being released through GSA for disposal than at any other time in history.

On the average, we are getting somewhere in the neighborhood of $200 million worth of property reported to GSA annually for disposal.

With regard to military base closures, we have a memorandum of understanding with the Department of the Air Force to provide administrative and technical assistance on a cost reimbursable basis. We have already been requested to appraise the five Air Force installations scheduled for closure and to develop disposal plans.

We also participate in the sale of properties seized because of illegal drugs. We had a wonderful sale out in California just a few days ago where we generated about $2.3 million for a couple of residences and a grape vineyard.

Mr. WOLF. I understand that. It seems to me, however, that the trend is going the other way. Why does Justice even get involved? Justice had a big seizure in my congressional district, a large estate and farm out in Loudoun County. Justice was in control, and they did everything. They may have used you to do the assessment, but why do they even get involved?

I mean, Justice spent hours and hours and hours on the matter. Defense, which had to do a memorandum of understanding, spent hours on the matter.

Mr. JONES. The proliferation is generally across the board and occurs because they want the money.

Mr. WOLF. Wouldn't it make sense to allow them to keep the money, but to have it funneled all through GSA? If you can sell it, frankly, and an agency, whatever it is, gets the money, why does it matter if you actually do the selling?

Mr. JONES. It was GSA's policy no more than a few years ago under a former administrator not to participate in any reimbursable sales, including the U.S. Marshals Service. That policy has now been changed.

Prior to the curtailment of our participating in reimbursable sales, we were conducting many sales for the U.S. Marshals Service. So, we have quite a problem overcoming that old policy.

But, we are getting back on track now. Regardless, I think the proliferation of special legislation has mainly to do with the agency's wanting to keep the money from property sales.

Mr. WOLF. But they can still use you, still use your expertise, and they can still get the money.

Mr. JONES. Yes.

Mr. WOLF. They could do both.

Mr. SKEEN. I thought that is what we were talking about earlier.

Mr. FONTAINE. There are two issues here. We want some of the money to go back to Treasury, and some of the money to go back to the agency. If all the money goes to Treasury, there is no carrot for that agency to free up anything considering the high cost of relocating.

But they were under their own authorizing committees. They need to be allowed to do these kinds of things.

Mr. **Wolf**. That seems to be the trend.

CHANGE IN POLICY

Mr. **Skeen**. What I was suggesting was that the policy needs to be changed. We are going to confiscate all of this property and then turn it into immediate cash and reward everyone. That element should be there, but we haven't provided for it. Right now, the policy says that if GSA sells it, it all goes to the Treasury. But then as I understand it, we have some room to maneuver.

Mr. **Early**. We would like some more room.

Mr. **Skeen**. We need to change the policy. Right now, the division of forfeited property is so slim that local authorities think they have the right to have it and everyone wants the boats, the airplanes, and the cars, and the rest of it.

That is an encouragement. But we need a better policy on the distribution.

Thank you.

Mr. **Wolf**. I agree with you, Joe. It seems that you are losing the responsibilities that you ought to have, since you have the experience with real estate or personal property.

CENTRALIZATION OF PROPERTY DISPOSAL

The Sheriff's Department got some cars and a plane. There was also the farm from a drug seizure, a large one in the Washington, D.C. area. The Marshals Service did that.

Now I guess the question is how many people are doing this in the Marshals Service? If everyone working on the disposal program gathered in one room, how many people would there be; 3, 33, 15? What do you think?

Mr. **Jones**. Invariably there are more than GSA.

Mr. **Wolf**. That is the point. But if you brought together everybody from the Department of Defense who are doing this, would they all fit in this room?

Mr. **Jones**. No, sir. Invariably more than GSA.

Mr. **Wolf**. Mr. Chairman, I agree. I always agree with Mr. Skeen, he is very insightful. There should be some mechanism to coordinate property disposal.

I am not so sure that it is wrong that other agencies are involved, but it seems to me that the work ought to be done in one centralized location.

We are duplicating the functions that could be performed at GSA.

Mr. **Jones**. You are correct, sir. I didn't want to get into the details of it because we are in a formative stage of developing a comprehensive plan.

We propose to meet with the agencies and sell ourselves. We will have to go out to the agencies with reimbursable authority and sell ourselves, explain what we are able to do and why they should use our services. That is one part of the plan.

We also have a plan that includes legislative proposals to address the problem. I didn't want to get into the details because it is still in the development stage at GSA. We expect to have the plan completed within the next 30 days. It is a plan to address specifically the types of concerns under discussion today.

Mr. **Wolf**. I would think that no authorizing committee up here would be upset. If all the money that you received was going back to the agency involved, DOD or the Air Force, why would they care who actually did it? Or would they get a worse deal?

Mr. **Fontaine**. All they would be doing is reimbursing Mr. Jones for his time, personnel and other costs such as advertising and appraisal which amounts to 2 percent roughly of total sales.

But I agree, it is ridiculous for them to build up staffs. Take Customs, for example; that is not their mission. They seize things, and could easily turn that program over to us and save themselves some headaches because they don't have the expertise to dispose of property.

FPRS sold most of the large homes in Florida which were seized in drug busts and received a large sum of money. But they have real estate experts. Other agencies don't have that kind of expertise.

Mr. **Wolf**. Well, Mr. Chairman, I don't think that there is anything wrong with the agency retaining the money if they have received the property. They could put it back into more land and water conservation, fish and wildlife service or efforts against drugs; I think that is fine.

How many other agencies duplicate what you do for disposal of property?

Mr. **Jones**. Oh, there are probably about ten agencies that have explicit authority, such as HUD, Small Business Administration, Postal Service, TVA, and others. We have a list of them.

Mr. **Wolf**. When they take a piece of property and sell it and when you take a piece of property and sell it, do they get a better price or do you get a better price?

Mr. **Jones**. Oh, I believe we get a better price. We invariably exceed the fair market value.

Mr. **Wolf**. Well, I think that's good.

Thank you.

Thank you, Mr. Chairman.

Mr. **Roybal**. Mr. Akaka.

Mr. **Akaka**. Thank you very much, Mr. Chairman.

Commissioner Jones, it's good to see you. You talked a little bit about old times. I haven't been here that long.

Mr. **Jones**. You can see what happened to me, sir.

PROPERTY FOR THE HOMELESS

Mr. **Akaka**. But since I have been a Member of this committee, I have had a feeling that real property sales were dropping off. But you made some comments here that tell me that that is not so. That it's picking up.

During the Reagan years here, I thought some of that projected receipts were over inflated. I don't know whether GSA even achieved 50 percent of sales that were projected but this is only to point out my feeling about the decline of property sales over the years. The McKinney Act, which I support, has brought some other problems which you are trying to work out.

Have you been able to work out an agreement for the homeless with HUD or other agencies?

Mr. JONES. Yes, sir, we have, particularly with regard to excess and surplus property. The process is now routine.

Every property that is reported to GSA is referred to HUD for determination as to whether it is suitable for the homeless. If it's determined suitable for the homeless, and if there are no public body conflicts, the property is leased to the homeless.

If there are public body conflicts, we attempt to have those conflicts resolved at the local level.

I can give you a brief summary of where we stand today on the homeless program. Since the beginning of this fiscal year, we have had 324 properties in our excess and surplus inventory of which 245 cleared the homeless process. By that I mean 119 properties were determined suitable for the homeless and no expressions of interest were received.

Eighteen properties, such as military industrial plants, were categorically excluded from homeless use consideration. One hundred and eight properties were determined not suitable. So right now out of 324 properties in our inventory since the beginning of the fiscal year, only 75 properties are under actual homeless use consideration, and of that total, HHS only received two formal applications for the homeless. We have established four homeless sites this fiscal year and we established 22 sites last fiscal year. In other words, we are executing a lot of processes and procedures as it involves the disposal of surplus property, but very few applications are being received by HHS from homeless providers for available property.

Mr. AKAKA. I was asking the question, too, to find out what your property sales are, because as you pointed out, the homeless also have access to these properties.

Mr. JONES. Yes.

DISPOSAL OF PROPERTY

Mr. AKAKA. Now, what else is left over that can be sold?

Mr. JONES. In answering your question, I would like to provide a historical perspective on the disposition of property. In the 1960s, there was great emphasis on the disposal of property for educational purposes.

In the 1970s, there was a program known as the Nixon legacy of parks, with much emphasis on giving away property for parks and recreational purposes.

Then we moved to the 1980s, and the emphasis was on selling property to reduce the national deficit. The problem was that the level of expectation was basically unrealistic. For example, in 1983, GSA was expected to generate approximately $1.2 billion in receipts from the sale of real estate.

With all the checks and balances in the system, it was completely unrealistic to expect executive landholding agencies to identify and obtain congressional clearance to release that much property to GSA and for GSA to sell it all in one year's time.

Nevertheless, since 1982, GSA's sales have increased substantially. We have sold approximately a billion dollars worth of property since then. Sometimes we are paid with credits. Sometimes we are paid with cash.

In the old days, it was good if we sold between $15 and $35 million worth of property a year. But now, the level of expectation has risen so much on this program in terms of sales goals established, our substantial sales results tend to be overshadowed.

I would also like to point out that over the past 10 years, we have absorbed approximately a 50 percent reduction in staff. Meanwhile, our productivity has virtually doubled. We have no fat in our organization at all.

We conduct this program with 149 FTE nationwide. That includes our professionals, appraisers, and clerks. With this staff, we perform many activities other than the disposal of real estate. For example, we perform use surveys to motivate agencies to better manage and release unneeded properties. Additionally, we develop government-wide policies and procedures for the disposition of federal real estate.

Ours is a very exciting and challenging program.

Mr. AKAKA. It appears that these have been accelerating.

Mr. SKEEN. He lacks a lot of enthusiasm, doesn't he? Well done. Well done.

Mr. JONES. I get carried away.

SALE OF SURPLUS PROPERTY

Mr. AKAKA. But let me ask you about legal proceedings relating to sales of surplus property. Are there any legal proceedings that are hindering your sales?

Mr. JONES. Legal proceedings? Only on a case-by-case basis. Basically, no. We had a major improvement a few years ago. We had the Federal Property Act amended so that the threshold for review by the Government Operations Committees and Senate Affairs Committees for negotiated sales was raised from a fair market value of a thousand dollars to a hundred thousand dollars. That helped to facilitate and accelerate the disposal process.

We also had the Federal Property Act amended with regard to obtaining anti-trust clearance when selling property to private parties. We used to have to obtain Department of Justice anti-trust clearance if the original acquisition cost for the property was a million dollars or more. The law was changed to a threshold of $3 million fair market value and up, which is much more relevant. So we have been making changes in the process.

Mr. AKAKA. The McKinney Act was in the courts, and from what you tell us now, I guess we are past that point and proceeding.

Mr. JONES. No, sir. We are still under a court order. But we have developed procedures and processes that enable us to dispose of real estate, as well as entertain the McKinney Act requirements.

FEDERAL PROPERTIES IN HAWAII

Mr. **Akaka**. Another question I have has to do with a long-standing problem, and of course, whenever I ask questions, I always ask one about Hawaii. And this has to do with Honokohau Park. This is located in Kaneohe, Hawaii on the big island.

And this, as I said, has been a long-standing problem with the exchange of land. Within the boundaries of this park are private owners; I think something has been worked out. Well, my question to you, what is the status of that park?

Mr. **Jones**. I will let Mr. Neale answer this question.

Mr. **Neale**. Are you referring to the Kaloko-Honokahau Park acquisition, by three groups of land owners?

Mr. **Akaka**. Right.

Mr. **Neale**. Yes, sir. Mr. Jones referred to credits that we received from sales, as well as cash. The Congress passed a law a few years ago that authorized the land owners to receive credits in lieu of cash for the amount of money that they settled with the Department of the Interior for the acquisition of their property.

They then can use those credits for the purchase of property at GSA sales. Two of the three ownerships have been virtually liquidated. There is one ownership that is left, and they are in negotiations now with the Department of the Interior to determine the amount of credits that will apply to the purchase of their land holdings.

As soon as the Interior Department negotiations are completed, the land owners will receive their credits and will be able to bid at GSA sales.

Mr. **Akaka**. So it's on its way?

Mr. **Neale**. That is the last remaining part of it.

Mr. **Akaka**. Another question is on whether you are working with DOD. Do they have their own mechanisms for dealing with property? Have you been able to work with DOD on sales of property?

Mr. **Jones**. Mr. Neale.

Mr. **Neale**. I think you may be referring to the Army sales at Kapalama that they have been holding, and they plan another one. The Army has not asked us to assist them. If property were to be disposed of by GSA, we would come to the state and work with the state. But we are not involved in that particular transaction. It is being handled totally by the Army.

Mr. **Akaka**. I see. Well, you have answered my question. Then we will have to deal with the military on those lands.

For the record, I would like to again ask you to provide a list of Federal properties in Hawaii that will be surveyed and appraised in 1990 and 1991, if you will.

Mr. **Jones**. Yes, sir.

[The information follows:]

In fiscal year 1990, we plan to survey 7 properties in Hawaii. As of this date, we have not identified the specific properties which we will survey in fiscal year 1991.

The fiscal year 1990 surveys are as follows: Pohakulo Training Area, Hawaii; US Coast Guard Upolo Point Loran Station, Hawaii; US Coast Guard Kauai Loran Station, Kauai; Heleman Radio Receiving Station, Oahu; Naval Communications Area Master Station, Oahu; Fort Kamehamea, Oahu; and Aliamanu Military Reservation, Oahu.

In fiscal year 1990, we plan to appraise 3 properties in Hawaii. Fiscal year 1991 appraisals in Hawaii have not yet been determined.

The fiscal year 1990 appraisals are scheduled for portions of the following properties: Bellows Air Force Station, Oahu; South Point Air Force Station, Naalehu; and FCC Monitoring Station, Waipahu.

Mr. AKAKA. All right.

Thank you very much, Mr. Chairman.

EXCESS PROPERTY TRANSFER PROCEDURES

Mr. ROYBAL. Thank you.

Mr. Jones, one last question, and this can be answered possibly in part now and the rest can be included in any written additions that you wish to make.

After your property has been declared in excess by one government agency, and another agency has documented need for that real property, what is the process by which the property is structured? That is the first part of the question.

We would like to have you answer fully, including circumstances under which funds used to be transferred will pay for the excess property. We would also like to know how such property is approved and so forth, and also include statutory citations.

Mr. JONES. Yes, sir.

Basically, when an agency reports property to GSA and there is another agency request for the transfer of that property, if the request is well justified, GSA arranges transfer on a cash reimbursable basis. In the event the agency indicates that it does not have the funds to reimburse for the property, we refer the matter to the Office of Management and Budget for a decision on whether or not to waive the reimbursement requirement.

Only OMB has the authority to waive the reimbursement requirement. If the transfer is on a cash reimbursable basis, GSA does not have to refer the matter to OMB. We can proceed with the transfer.

GSA contracts out with an appraisal firm to establish the value of the property, and that is the reimbursement required.

Mr. ROYBAL. What we would like to do is give you a copy of the questions that I have asked and take with you, and then add to it if you so desire. It's entirely up to you.

[The information follows:]

Question:

After real property has been declared excess by one government agency, and another anency has documented need for that real property, what is the process by which the property is transferred? Please answer fully, including circumstances under which funds need to be transferred to pay for the excess property, how such property transfer is approved, etc. Please include statutory citations.

Answer:

Transfers of Federal real property under the Federal Property and Administrative Services Act of 1949, as amended, are subject to the procedural requirements of Federal Property management Regulation (FPMR) 101-47.203-7.

Federal agencies requesting a transfer of property from GSA's inventory of excess and surplus real property must reimburse for the property's estimated fair market value (EFMV), which is determined by GSA. The transaction is handled routinely between the requesting agency and GSA at the regional level.

Should the requesting agency not wish to reimburse for the EFMV, FPMR 101-47.203-7 requires that the agency head submit through GSA for referral to the Office of Management and Budget (OMB) a request for a waiver of the EFMV. The requirement for transfer without reimbursement must be well documented and justified by the head of the agency consistent with the FPMR guidelines.

GSA serves as conduit in this process and helps to ensure that the information required by the FPMR has been provided by the requesting agency. GSA does not take a position as to the merits of the waiver request, a determination which rests solely with OMB.

The entire section of the FPMR applicable to the transfer of property between agencies follows:

PART 101-47 UTILIZATION AND DISPOSAL OF REAL PROPERTY

(d) Concurrently with the 30-day Federal agency use screening period, those Federal agencies that sponsor public benefit disposals at less than fair market value as permitted by the statutory authorities in § 101–47.4905 may provide the disposal agency with a recommendation, together with a brief supporting rationale, as illustrated in § 101–47.4909, that the highest and best use of the property is for a specific public benefit purpose. The recommendation may be made by the agency head, or designee, and will be considered by the disposal agency in its final highest and best use analysis and determination. After a determination of surplus has been made, if the disposal agency agrees with a sponsoring Federal agency that the highest and best use of a particular property is for a specific public benefit purpose, local public bodies will be notified that the property is available for that use.

§ 101–47.203–6 Designation as personal property.

(a) Prefabricated movable structures such as Butler-type storage warehouses, quonset huts, and housetrailers (with or without undercarriages) reported to GSA with the land on which they are located may, in the discretion of GSA, be designated for disposition as personal property for off-site use.

(b) Related personal property may, in the discretion of the disposal agency, be designated for disposition as personal property. Consideration of such designation shall be given particularly to items having possible historic or artistic value to ensure that Federal agencies, including the Smithsonian Institution (see § 101–43.302), are afforded the opportunity of obtaining them through personal property channels for off-site use for preservation and display. Fixtures such as murals and fixed sculpture which have exceptional historical or artistic value may be designated for disposition by severance for off-site use. In making such designations, consideration shall be given to such factors as whether the severance can be accomplished without seriously affecting the value of the realty and whether a ready disposition can be made of the severed fixtures.

(c) When a structure is to be demolished, any fixtures or related personal property therein may, at the discretion of the disposal agency, be designated for disposition as personal property where a ready disposition can be made of these items through such action. As indicated in (b), above, particular consideration should be given to designating items of possible historical or artistic value as personal property in such instances.

§ 101–47.203–7 Transfers.

(a) The agency requesting transfer of excess real property and related personal property reported to GSA shall prepare and submit to the proper GSA regional office GSA Form 1334, Request for Transfer of Excess Real and Related Personal Property (§ 101–47.4904). Instructions for the preparation of GSA Form 1334 are set forth in § 101–47.4904–1.

(b) Upon determination by GSA that a transfer of the property requested is in the best interest of the Government and that the requesting agency is the appropriate agency to hold the property, the transfer may be made among Federal agencies, to mixed-ownership Government corporations, and to the municipal government of the District of Columbia.

(c) [Reserved]

(d) Transfers of property to executive agencies shall be made when the proposed land use is consistent with the policy of the Administrator of General Services as prescribed in § 101–47.201–1 and the policy guidelines prescribed in § 101–47.201–2. In determining whether a proposed transfer should be approved under the policy guidelines, GSA and OMB may consult informally to obtain all available data concerning actual program needs for the property.

(e) GSA will execute or authorize all approved transfers to the requesting agency of property reported to GSA. Agencies may transfer without reference to GSA excess real property which is not reported to GSA under the provisions of § 101-47.202-4(b) (1), (2), and (4). However, such transfers shall be made in accordance with the principles set forth in this section.

(f) Pursuant to an agreement between the Director, Office of Management and Budget, and the Administrator of General Services, reimbursement for transfers of excess real property is prescribed as follows:

(1) Where the transferor agency has requested the net proceeds of the transfer pursuant to section 204 (c) of the Act, or where either the transferor or transferee agency (or organizational unit affected) is subject to the Government Corporation Control Act (31 U.S.C. 841) or is a mixed-ownership Government corporation, or the municipal government of the District of Columbia, reimbursement for the transfer shall be in an amount equal to the estimated fair market value of the property requested as determined by the Administrator: *Provided*. That where the transferor agency is a wholly owned Government corporation, the reimbursement shall be either in an amount equal to the estimated fair market value of the property requested, or the corporation's book value thereof, as may be agreed upon by GSA and the corporation.

(2) Reimbursement for all other transfers of excess real property shall be:

(i) In an amount equal to 100 percent of the estimated fair market value of the property requested, as determined by the Administrator, or if the transfer is for the purpose of upgrading facilities (i.e., for the purpose of replacing other property of the transferee agency which because of the location, nature, or condition thereof, is less efficient for use), the reimbursement shall be in an amount equal to the difference between the estimated fair market value of the property to be replaced and the estimated fair market value of the property requested, as determined by the Administrator.

(ii) Without reimbursement when the transfer is to be made under either of the following conditions:

(A) Congress has specifically authorized the transfer without reimbursement, or

(B) The Administrator with the approval of the Director, Office of Management and Budget, has approved a request for an exception from the 100 percent reimbursement requirement.

(1) A request for exception from the 100 percent reimbursement requirement shall be endorsed by the head of the executive department or agency requesting the exception.

(2) A request for exception from the 100 percent reimbursement requirement will be submitted to GSA for referral to the Director, Office of Management and Budget, and shall include an explanation of how granting the exception would further essential agency program objectives and at the same time be consistent with Executive Order 12348, dated February 25, 1982. The unavailability of funds alone is not sufficient to justify an exception. The above required data and documentation shall be attached to GSA Form 1334 by the transferee agency on submission of that form to GSA.

(3) If the Administrator with the approval of the Director, Office of Management and Budget, approves the request for an exception, the Administrator may then complete the transfer. A copy of the Office of Manegment and Budget approval will be sent to the Property Review Board.

(4) The agency requesting the exception will assume responsibility for protection and maintenance costs where the disposal of the property is deferred for more than 30 days because of the consideration of the request for an exception to the 100 percent reimbursement requirement.

(g) Excess property may be transferred to the Senate, the House of Representatives, and the Architect of the Capitol and any activities under his direction, pursuant to the provisions of section 602(e) of the Act. The amount of reimbursement for such transfer shall be the same as would be required for a transfer of excess property to an executive agency under similar circumstances.

§ 101-47.203-8 Temporary utilization.

(a) Whenever GSA determines that the temporary assignment or reassignment to a Federal agency of any space in excess real property for office, storage, or related facilities would be more advantageous than the permanent transfer of the property to a Federal agency, it will execute or authorize such assignment or reassignment for such period of time as it shall determine. The agency to which the space is made available shall make appropriate reimbursement for the expense of maintaining such space in the absence of appropriation available to GSA therefor.

(b) GSA may approve the temporary assignment or reassignment to a Federal agency of excess real property other than space for office, storage, or related facilities whenever such action would be in the best interest of the Government. In such cases, the agency to which the property is made available may be required to pay a rental or users charge based upon the fair value of such property, as determined by GSA. Where such property will be required by the agency for a period of more than 1 year, it may be transferred on a conditional basis, with an understanding that the property will be reported excess at a time agreed upon when the transfer is arranged (see § 101-47.201-2(d)(7)).

§ 101-47.203-9 Non-Federal interim use of property.

The holding agency may, with the approval of GSA, grant rights for non-Federal interim use of excess property reported to GSA, or portions thereof, when it is determined that such interim use is not required for the needs of any Federal agency.

§ 101-47.203-10 Withdrawals.

Subject to the approval of GSA, and to such conditions as GSA considers appropriate, reports of excess real property may be withdrawn in whole or in part by the reporting agency at any time prior to transfer to another Federal agency or prior to the execution of a legally binding agreement for disposal as surplus property. Requests for withdrawals shall be addressed to the GSA regional office where the report of excess real property was filed.

§ 101-47.204 Determination of surplus.

§ 101-47.204-1 Reported property.

Any real property and related personal property reported excess under this Subpart 101-47.2 which has been screened for needs of Federal agencies or waived from such screening by GSA, and not been designated by GSA for utilization by a Federal agency, shall be subject to determination as surplus property by GSA.

(a) The holding agency, the Secretary of Health and Human Services, the Secretary of Education, the Secretary of the Interior, and the Attorney General will be notified of the date upon which determination as surplus becomes effective. Any Federal agency that has identified a property as being required for replacement housing for displaced persons under section 218 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 will also be notified of the date upon which determination as surplus becomes effective. The Secretary of the Department of Energy will be notified when real property is determined surplus and advised of any known interest in the property for its use or development for energy facilities. Appropriate steps will be taken to ensure that energy site needs are considered along with other competing needs in the disposal of surplus real property, since such property may become available for use under sections 203(e)(3) (C) and (H) of the Federal Property and Administrative Services Act of 1949, as amended.

(b) The notices to the Secretary of Health and Human Services, the Secretary of Education, the Secretary of the Interior, and the Secretary of Energy will be sent to the offices designated by them to serve the area in which the property is located. The notices to the Attorney General will be sent to the Office of Justice Programs, Department of Justice. The notices to the Federal

(NEXT PAGE IS 4710.1)

Mr. ROYBAL. Is there anything else that you would like to bring before the committee? If not, Mr. Jones, I would like to thank you and your colleagues for your presentations and questions you have answered. I sincerely hope that we can meet your request.

Mr. JONES. Thank you.

Mr. ROYBAL. And then, of course, many other things.

Mr. JONES. Thank you.

REAL PROPERTY RELOCATION

Mr. ROYBAL. Next we will hear about Real Property Relocation, so that is still Mr. Jones?

All right. Do you have an opening statement?

Mr. JONES. With regard to what we refer to as our funding for the Relocation Program, this is an incentive program that was developed by GSA in coordination with the Office of Management and Budget to encourage agencies to manage their real estate assets better and to relocate from high-valued, under-utilized facilities which could be released for sale.

We think that this program has a tremendous amount of potential. I will give you a brief rundown on where the program stands from an execution perspective.

We were funded $5 million for this program in 1988, $4 million in 1989, $7,942,000 in fiscal year 1990, for a total of $16,942,000. We have allocated $8,975,000 to six projects that have been approved by OMB, four of those projects were for fiscal year 1988 and two projects in fiscal year 1989.

We expect to allocate the remaining seven plus million dollars for two projects this fiscal year.

Of the eight projects, two sales have been completed, generating about $17.9 million in sales receipts, and six sales are expected to be completed this fiscal year with receipts projected at about $59 million, for a grand total of $76.9 million for eight projects, or approximately a 4.5 to one return.

I think the program has yet to reach its full potential. There are certain agencies that have taken full advantage of this program, particularly the Department of Transportation.

One of the best examples that we can possibly give you as to how effective this program has been has to do with an FAA site in Dade County, Florida, which is right near the Doral Country Club. We relocated FAA from that site at a cost of about $750,000, and we sold the property for $12 plus million dollars.

We are continuously working with our regional offices and agencies to identify more properties with potential for relocation. We are endeavoring to build an inventory of such properties. It's a very, very good program.

It was another one of those breakthroughs in terms of trying to give agencies incentives to manage their assets better.

BUDGET REQUEST

Mr. ROYBAL. With regard to your budget, you have estimated $8 million for fiscal year 1991. How did you arrive at the $8 million figure?

Mr. **Jones**. Well, we did it on the basis of specific projects and the estimated cost of relocation. We do have two projects identified that just about come in at the $8 million figure.

We establish our projects the year before. For example, we are working on 1991 potential projects right now. So it's on the basis of projects, and we get pretty close.

Mr. **Roybal**. But it could be less, couldn't it?

Mr. **Jones**. It could be less, and if it's less, we don't want to spend the money.

Mr. **Roybal**. What do you do then?

Mr. **Jones**. We will get more projects to justify additional expenditures. As I recall, money appropriated for this program can be retained by GSA until it is obligated. It is "no year" money.

Mr. **Roybal**. You make more projects, then that is a plus; isn't it?

Mr. **Jones**. Yes, sir.

Mr. **Roybal**. So you can keep that money until you spend it, and you usually try to spend it in that fiscal year?

Mr. **Jones**. I would like to explain the process. The money is appropriated to GSA and allocated to an agency when there is an approved project. The agency releases the property to GSA for sale. The agency then makes plans to spend the allocated money, and that is where it slows down a bit.

If you look in the budget, you will see, although GSA has allocated approximately eight plus million dollars, the amount of money obligated is about $1.7 million. The reason for the difference is because of the length of time it takes agencies to acquire the land, design and construct the space, and move in. It could take several years to get to that point.

We are going to try to work with the agencies, though, to improve the obligation rate.

Mr. **Early**. There is a tie-in. It's a capital incentive program. When GSA commits an allocation of funds to FAA, for example, FAA has to plan on relocating, designing and constructing new facilities. That is when our funds really get obligated, even though we can take the action to sell the property.

So it's really a capital program where the funds are there, it goes through a design and construction phase before it's actually finalized and accomplished, and therefore the obligational basis is over a number of years, even though Mr. Jones allocates it up front so that the other agency can plan on using our knowledge.

RELOCATION COSTS

Mr. **Roybal**. Does GSA pay for these relocation costs?

Mr. **Early**. Yes, sir.

Mr. **Roybal**. Are Federal agencies more likely to relocate if GSA pays for it?

Mr. **Fontaine**. It doesn't cost them anything, so, it would be much quicker.

Mr. **Roybal**. Now, supposing the agency does not want to relocate, what authority does GSA have to compel them to do so?

Mr. **Jones**. None that I am aware of.

Mr. **Roybal**. In other words, they are in the same position the judges are?

Mr. **Early**. Since we are not a Cabinet agency, we have to cajole, coordinate and ask for assistance; and when everyone is in agreement, we have a very successful program.

Mr. **Fontaine**. It doesn't help him in the least though if we don't have to renew the lease.

Mr. **Roybal**. No, but in the meantime, the lease can go on for another three years while he is fixing his problem.

Mr. **Early**. But Mr. Jones' programs have been very successful; he's talking to the fiscal people in those agencies, and in this case, they are going to get a new facility, better space, and, therefore, it makes sense to them. By the way, they get it for free. They get a brand new upgraded facility without having the budget to pay for it. And all of a sudden, it's a very successful moving program. Mr. Jones has seen that.

Mr. **Roybal**. Then the decision as to what agency will receive the funds will depend on their willingness to relocate?

Mr. **Early**. Again, who gets the benefit; in this case, they don't get the funds, but they get better space. So it's an incentive for them to get on the band wagon and free up this underutilized property.

Mr. **Roybal**. Have there been many cases where the agencies don't want to relocate?

Mr. **Jones**. Oh, yes, sir. There are a number of cases.

Mr. **Roybal**. If you have those many powers, you cannot do anything about it.

Mr. **Jones**. That is the problem you might say with this program across the board. We have the power of persuasion and cajoling. We have no authority to compel an agency to release property.

Mr. **Fontaine**. You can go to OMB.

Mr. **Roybal**. The thing that comes to mind is the problems we have had with the judges. They will say—we just won't move into it, even if you build it. And it just seems to me that a big agency like the GSA should have more power than being dictated to by the judges of the State of California, for an example.

Mr. **Fontaine**. Then we have a constitutional question, turf and everything else, including a different branch of the government.

Mr. **Roybal**. But GSA is in charge of buildings, is it not?

Mr. **Fontaine**. Well, this all happened when you tried to move the Peace Corp to Arlington, and they are still in DC at a higher cost facility due to politics.

So we win some, we lose some. We did get the financial management group out to Hyattsville, but there was kicking and screaming all the way.

Now they are probably happier than they have ever been.

Mr. **Roybal**. I can understand why they would be reluctant to move. We get to a place and we like it, and we don't want to move, one that is as ample as this office here. This committee has been in this room now since the beginning of time.

Mr. **Fontaine**. You could have moved to the Rayburn Building.

Mr. **Roybal**. So I can understand. On the other hand, no one has told this committee that monies would be saved, that we can get all these other things that are better, that we can get stenographers that are better equipped. This stenographer here is as equipped as anybody can possibly be, and we are satisfied with what we get right here. We want to stay here.

Perhaps this room is not a good example. But an agency that may be in a building that is costing too much can still remain there if they so desire; that is what I mean. Can it?

Mr. FONTAINE. Yes.

Mr. ROYBAL. Mr. Skeen, do you have any other questions?

Mr. SKEEN. No, Mr. Chairman.

Just as an observation the amount of expertise held by the people that come before us in these committees is always amazing.

You folks do a great job. I know you take a lot of criticism. But you do a good job, and you do it very well, and I also appreciate the enthusiasm with which you take on this process time after time.

Thank you.

Mr. JONES. Thank you.

Mr. ROYBAL. Mr. Jones, I would like to thank you very much for your testimony.

Mr. JONES. Thank you.

Mr. ROYBAL. We will include the justification in the record at this point.

[The justification follows:]

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

ANALYSIS OF AUTHORIZED LEVEL OF FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Years	Amount
FY 1990 Level Authorized by Public Law 101-136..........	149	149	$12,174
Reduction pursuant to P.L. 101-164........................	-	-	-945
Reduction pursuant to P.L. 99-177 & 100-119............	-	-	-157
FY 1990 Adjusted Level..	149	149	$11,072
FY 1991 Estimate..	149	149	$12,798
Change from 1990 to 1991......................................	-	-	+$1,726

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

ACTIVITY	APPROPRIATION						INCREASE OR DECREASE (-) FOR FY 1991					
	FY 1990 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Real Estate Policy & Sales................	150	$9,965	149	$11,072	149	$12,798	-	+$1,726	-	+$1,314	-	+$412
Unobligated balance lapsing............		$835										
TOTAL	150	$10,800	149	$11,072	149	$12,798	-	+$1,726	-	+$1,314	-	+$412
Permanent Positions.	149		149		149		-		-		-	

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

The Federal Property Resources Service (FPRS) is responsible for the further utilization by Federal agencies of Government excess real property and for disposal by discount conveyance for public purposes, or by sale, of Government surplus real property. The real property disposition program is conducted through four (4) regional offices.

Total program costs for FY 1991 are estimated at $12,798,000. This estimate is $1,726,000 over the 1990 approved program.

The net increases in funding requirements from FY 1990 consist of $1,172,000 for the protection and maintenance of excess/surplus real property, $18,000 for rent, $247,000 for part year and annualized cost of pay raise, $147,000 for inflation in the cost of goods and services and $142,000 for payments to General Management and Administration for centralized support services.

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Real Estate Policy & Sales		TOTAL	
	Workyears	Amount	Workyears	Amount
PROGRAM CHANGES:				
Increases:				
Protection and Maintenance..........	-	+$1,172	-	+$1,172
Payments to General Management and Administration for Centralized Support Services.....	-	+142	-	+142
TOTAL PROGRAM CHANGES	-	+$1,314	-	+$1,314
OTHER CHANGES:				
Increases:				
Rent Increases-PBS..................	-	+$18	-	+$18
Part Year and Annualized Cost of Pay Raise................	-	+247	-	+247
Inflation of Goods and Services.....	-	+147	-	+147
TOTAL OTHER CHANGES	-	+$412	-	+$412
TOTAL CHANGES, 1990 TO 1991	-	+$1,726	-	+$1,726

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

REAL ESTATE POLICY AND SALES
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Real Estate Policy & Sales	150	$9,965	149	$11,072	149	$12,798	-	+$1,726	-	+$1,314	-	+$412
Total Resources	150	$9,965	149	$11,072	149	$12,798	-	+$1,726	-	+$1,314	-	+$412

BACKGROUND

This activity promotes maximum utilization of real property by Federal agencies and minimizes new procurements of real property by transferring available excess property among agencies. Pursuant to E.O. 12512, it provides Government-wide policy oversight and guidance for Federal real property management, develops legislative initiatives that seek to improve such management, and conducts real property utilization surveys to identify real property which is not utilized and under utilized, and recommends excessing of such properties. It provides for the economic and efficient disposal of surplus real property by sale, exchange, lease, permit assignment or transfer for both private and public purposes. This activity provides for the protection and maintenance of excess and surplus property in order to retain maximum value and marketability pending its disposition. It provides for the appraisal of excess and surplus property and establishes the specifications, standards and methods governing such appraisals. Further, it provides for preparation of land reuse planning studies and environmental and cultural enhancement reviews required in the disposition of real property.

JUSTIFICATION

A. Highlights

The Office of Real Estate Policy and Sales is comprised of four programs: Utilization and Disposal, Appraisal, Protection and Maintenance, and Utilization Surveys.

1. Utilization and Disposal - In FY 1991 it is estimated that total dispositions will have a value of approximately $345 million. This includes utilization transfers valued at $40 million, public benefit disposals valued at $55 million, and sales of $250 million. Cash receipts are estimated at $150 million.

2. Appraisal - The total number of disposal appraisals estimated for FY 1991 is 400.

3. Protection and Maintenance - - In FY 1991 it is estimated that protection and maintenance costs will be $2,000,000.

4. Utilization Surveys - The number of surveys to be conducted by GSA is estimated at 150 in FY 1991.

There will be a strong focus on Executive Order utilization surveys of real property holdings of Federal agencies with emphasis on reporting unneeded property for disposal as well as the compliance program for property donated to eligible grantees for restricted public uses. The implementation of the McKinney Act (Public Law 100-77), enacted July 22, 1987, as amended by Public Law 100-628, had a significant impact on the Office in FY 88. An injunction halted all disposals of excess and surplus property for six months until the requirements of the orders were met. As a result, during FY 88, a total of 22 properties worth $33.2 million were made available for homeless purposes. There will be a continued effort to execute the Presidential initiative to improve Federal asset management.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes - Includes increases of $1,172,000 for the protection and maintenance of excess/surplus real property and $142,000 for payments to General Management and Administration for centralized support services.

Other Changes - Includes increases of $18,000 for increased RENT costs, $247,000 for part year and annualized cost of pay raise and $147,000 for inflation in the cost of goods and services.

REAL ESTATE POLICY AND SALES
WORKLOAD DATA
(Dollars in Millions)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Changes FY 1990 to FY 1991	
	Number	Value	Number	Value	Number	Value	Number	Value
Dispositions:	347	$200	366	$278	412	$345	+46	+$67
Utilization Transfers	33	$23	36	$33	42	$40	+6	+$7
Sales	265	$150	270	$200	280	$250	+10	+$50
Current Inventory	(265)	(150)	(185)	(100)	(185)	(100)	(-)	(-)
Anticipated Inventory	(-)	(-)	(85)	(100)	(95)	(150)	(+10)	(+$50)
Other Disposals	49	$35	60	$45	90	$55	+30	+$10
Surveys/Inspections:								
Surveys	100	-	125	-	150	-	+25	-
Disposal Appraisals:	400	-	400	-	400	-	-	-
Environmental:								
Environmental Impact Assessments	150	-	150	-	150	-	-	-
Environmental Impact Statements	2	-	2	-	2	-	-	-
Compliance Inspections	10	-	10	-	10	-	-	-
Receipts:	-	$55	-	$125	-	$150	-	+$25
Current Inventory		$(55)		$(50)		$(50)	-	-
Anticipated Inventory		(-)		(75)		(100)	-	(+$25)
Monetary Credits Used (In Lieu of Receipts) Under Statutory Authority (Non-add):		$(23)		(-)		(-)		(-)

REAL ESTATE POLICY AND SALES

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $6,313,000 - For 149 total workyears.

12.0 Personnel Benefits - $1,022,000 - Includes $713,000 for direct contribution to Retirement Fund, $147,000 for health benefits, $78,000 for group insurance, and $84,000 for medicare hospital insurance portion of FICA.

21.0 Travel and Transportation of Persons - $498,000 - Includes $471,000 for travel and $27,000 for motor pool services in connection with inspection of real properties, formulation of utilization and disposal plans, providing disposal actions, and review of regional operations.

23.1 Rental Payments to GSA - $748,000 - For payment to the Federal Building Fund for Rent charges.

23.3 Rents Communications, Utilities, and Miscellaneous Charges - $1,148,000 - Includes $178,000 for postage and fees, $748,000 for payment to the Federal Buildings Fund for RENT charges, and $222,000 for other miscellaneous services.

24.0 Printing and Reproduction - $106,000 - For printing and reproduction of procedural and regulatory information, updating GSA handbooks, orders, forms and other recurring printing requirements.

25.0 Other Services - $3,442,000 - Includes $1,420,000 for reimbursement to holding agencies for cost of protection and maintenance of excess and surplus properties pending disposal, $430,000 for protection and maintenance charges reimbursable to the Federal Buildings Fund, $150,000 for contractual services connected with protection and maintenance, $242,000 for payment to General Management and Administration for centralized support services, $927,000 for payments to other GSA Services, $154,000 for contract payments to other agencies,and $119,000 for other payments for contractual services.

26.0 Supplies and Materials - $82,000 - For supplies and materials used in program and administrative operations.

31.0 Equipment - $105,000 - For administrative office equipment.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

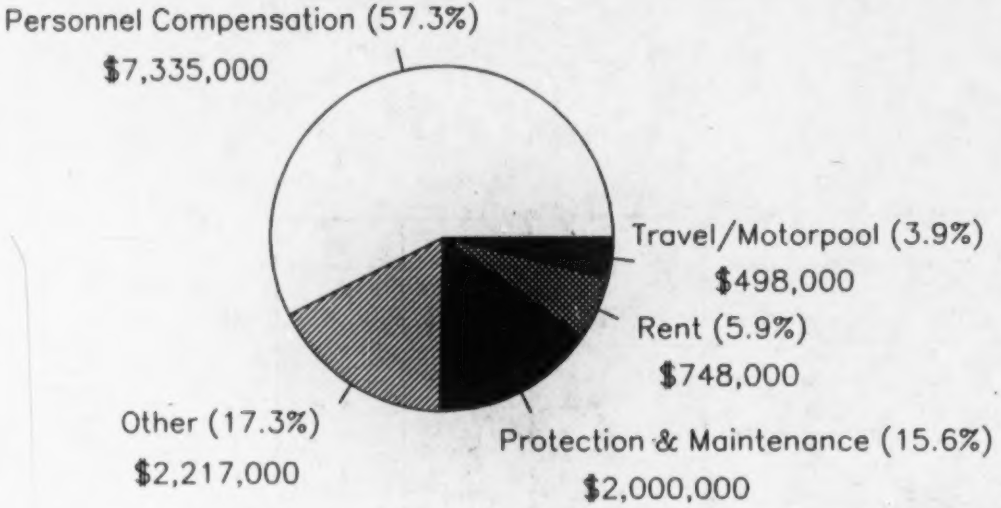
Principal Categories	1989 Actual	1990 Program	1991 Request	Increase or Decrease (-) for FY 1991 Total	Increase or Decrease (-) for FY 1991 Program	Increase or Decrease (-) for FY 1991 Other
Managerial & Administrative Officer.......	11	11	11	-	-	-
Management/Program/Budget Analyst.........	12	12	12	-	-	-
Realty Officer/Specialist..................	76	78	78	-	-	-
Appraiser..................................	8	8	8	-	-	-
Typist/Steno/Clerical......................	36	38	38	-	-	-
Computer Systems Analyst...................	1	1	1	-	-	-
Community Planner..........................	1	1	1	-	-	-
Sub-total	145	149	149	-	-	-
Part-Time and Temporary Employment	5	-	-	-	-	-
Total	150	149	149	-	-	-

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

Federal Property Resources Service

FY 1991 Operating Expenses

Total – $12,798,000

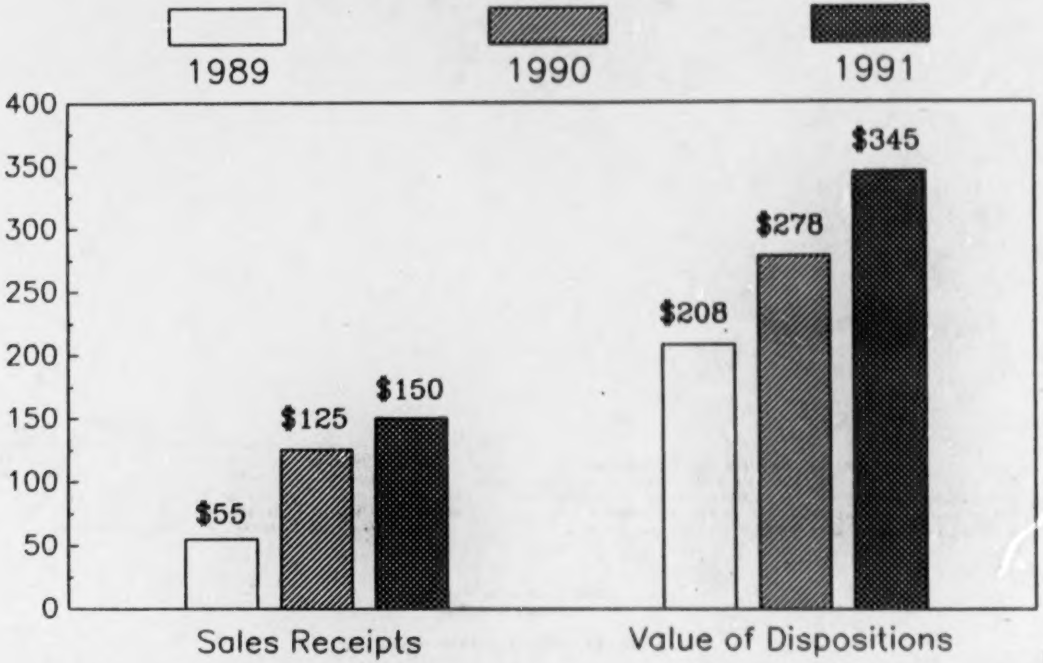


Federal Property Resources Service

Office of Real Estate Policy & Sales

Workload Data--FY 1989 - 1991

($ in Millions)



GENERAL SERVICES ADMINISTRATION

FEDERAL PROPERTY RESOURCES SERVICE

OPERATING EXPENSES
(Including Transfer of Funds)

For expenses, not otherwise provided for, necessary for carrying out the functions of the Administrator with respect to utilization of excess real property; the disposal of surplus real property, the utilization survey, deed compliance inspection, appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus real property, including services as authorized by 5 U.S.C. 3109: [$12,174,000] $12,798,000 to be derived from the proceeds from transfers of excess real property and disposal of surplus real property and related personal property, subject to the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601-5).
(Independent Agencies Appropriations Act, 1990.)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
FY 1990 Level of Reimbursable Services..........	-	-	$800
FY 1991 Estimate................................	-	-	$800
Change From 1990 to 1991........................	-	-	-

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	REIMBURSABLE OBLIGATIONS						INCREASE OR DECREASE (-) FOR FY 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
ACTIVITY	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Real Estate Policy and Sales	-	$272	-	$800	-	$800	-	-	-	-	-	-
TOTAL	-	$272	-	$800	-	$800	-	-	-	-	-	-
Permanent Positions	-		-		-		-		-		-	

SUMMARY JUSTIFICATION OF FY 1991 ESTIMATES

This account provides services to other Government agencies on a fully reimbursable basis. The services provided in the past have included reimbursable services related to the disposal of properties for the U.S. Marshals Service, U.S. Postal Service and Department of Defense Housing and other Federal agencies.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

EXPLANATION OF DISTRIBUTION BY OBJECTS

25.0 Other Services - $800,000 - Charges for services provided by FPRS to other agencies. There is no change from the 1990 level.

WEDNESDAY, FEBRUARY 21, 1990.

INFORMATION RESOURCES MANAGEMENT SERVICE

WITNESSES

THOMAS J. BUCKHOLTZ, COMMISSIONER

FRANCIS A. McDONOUGH, ASSISTANT COMMISSIONER, FEDERAL INFORMATION RESOURCES MANAGEMENT

MICHAEL L. CORRIGAN, ASSISTANT COMMISSIONER, TELECOMMUNICATIONS SERVICES

JOHN P. CANNON, ACTING CONTROLLER

C. ALLEN OLSON, ASSISTANT COMMISSIONER, INFORMATION RESOURCES PROCUREMENT

Mr. ROYBAL. The committee will come to order.

We are in session this morning to hear from GSA with regard to the Information Resources Management Service.

Will you proceed, Mr. Buckholtz, in any manner that you desire?

Mr. BUCKHOLTZ. Thank you, Mr. Chairman. I appreciate this opportunity to present the Fiscal Year 1991 budget request for GSA's Information Resources Management Service to this subcommittee.

A statement has been submitted for the record.

[The information follows:]

SUMMARY JUSTIFICATION OF 1991 BUDGET ESTIMATES

The funds requested for this activity will be used to support the goal of the Federal Property Resources Service and the objective of Executive Order 12512, which is to provide for the optimum utilization of Federally-owned real property. Currently, valuable Government-owned property exists that is now underutilized but which has not been released for disposal by the landholding agencies. This is often due to the high costs of relocating personnel and equipment, and of acquiring new facilities.

Such properties could provide significant revenue if sold, but under current laws, the holding agency usually must provide the funds for relocations. For these reasons, agencies are reluctant to release properties for sale regardless of their value and suitability for commercial use. By providing agencies with these funds, there is an incentive for them to agree to move. Further, long term savings will result from the operation and maintenance of facilities better suited to agency missions.

Implementation of the relocation program is considered to be an essential part of the overall real property disposal program. Receipts from sales of real property are targeted at $125 million in FY 1990 and $150 million in FY 1991. The relocation initiative should greatly assist in helping to achieve these goals, thereby reducing the Federal deficit. Any and all potential candidates will be evaluated regardless of the dollar value of the property. The primary consideration will be the economic advantage to the Federal Government, i.e., the estimated proceeds from sales versus relocation costs. Approved allocations to other agencies for relocation purposes amounted to $9 million through FY 1989 with an average benefit/cost ratio of greater than 4:1.

These funds are allocated to other agencies who have to vacate existing facilities and construct replacement facilities thereby requiring long lead time before obligations are reflected in GSA schedules.

SUMMARY EXPLANATION OF CHANGES FROM 1990 TO 1991
(DOLLARS IN THOUSANDS)

CHANGE:	Work-Years	Amount
Relocation Expenses, Program Changes, 1990 to 1991	-	+$58

RELOCATION PROGRAM - ALLOCATION SUMMARY
(DOLLARS IN THOUSANDS)

AGENCIES	CUMULATIVE ALLOCATIONS THROUGH FY 1989	ACTUAL/ESTIMATED RECEIPTS	ACTUAL/EXPECTED RETURN RATIO (TO 1)
DOI/DOT/Hawaii	$8,975,000	$43,200,000	4.8

FEDERAL PROPERTY RESOURCES SERVICE
Relocation Expenses

OBJECT CLASSIFICATION SCHEDULE
(Dollars in Thousands)

OBJECT CLASSIFICATION	FY 1989	FY 1990	FY 1991
21.0 Travel and Transportation of Persons..................................	$ -	$1,400	$ 900
22.0 Transportation of Things..	-	1,600	900
25.0 Other Services..	-	1,800	900
26.0 Supplies and Materials..	-	400	200
31.0 Equipment...	-	1,200	700
32.0 Land and Structures...	275	8,767	4,400
41.0 Grants, subsidies, and contributions..................................	1,500	-	-
TOTAL OBLIGATIONS..	$1,775	$15,167	$8,000

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS
(Dollars in Thousands)

21.0 TRAVEL AND TRANSPORTATION OF PERSONS - $900 - Charges for transportation associated with the location of suitable replacement facilities.

22.0 TRANSPORTATION OF THINGS - $900 - Includes charges for hauling and handling of supplies, equipment and furniture.

25.0 OTHER PURCHASED SERVICES - $900 - Charges for contractual services associated with site and investigations, appraisals, and engineering surveys.

26.0 SUPPLIES AND MATERIALS - $200 - Includes charges for office and ADP supplies.

31.0 EQUIPMENT - $700 - Charges for desks, tables, chairs and ADP equipment.

32.0 LAND AND STRUCTURES - $4,400 - Charges for land, buildings, lease payments under lease-purchase contract agreements, and fixed equipment.

REAL PROPERTY RELOCATION

For expenses not otherwise provided for, [7,942,000] $8,000,000 to remain available until expended, necessary for carrying out the functions of the Administrator with respect to relocation of Federal agencies from property which has been determined by the Administrator to be other than optimally utilized under the provisions of section 210(e) of the Federal Property and Administrative Services Act of 1949, as amended: Provided, that such relocations shall only be undertaken when the estimated proceeds from the disposition of the original facilities approximate the appraised fair market value of such new facilities and exceed the estimated costs of relocation. Relocation costs include expenses for and associated with acquisition of sites and facilities, and expenses of moving or repurchasing equipment and personal property.

These funds may be used for payments to other Federal entities to accomplish the relocation functions: Provided further, That nothing in this paragraph shall be construed as relieving the Administrator of General Services or the head of any other Federal agency from any obligation or restriction under the Public Buildings Act of 1959 (including any obligation concerning submission and approval of a prospectus), the Federal Property and Administrative Services Act of 1949, as amended, or any other Federal law, or as authorizing the Administrator of General Services or the head of any other Federal agency to take actions inconsistent with statutory obligations or restrictions placed upon the Administrator of General Services or such agency head with respect to authority to acquire or dispose of real property. (Independent Agencies Appropriations Act, 1990.)

FEDERAL PROPERTY RESOURCES SERVICE
Expenses, Disposal of Surplus Real and
Related Personal Property

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
Budget Authority (Permanent, Indefinite)................	-	-	$3,800
Reduction pursuant to P.L. 99-177 & 100-119............	-	-	-53
FY 1990 Adjusted Level................................	-	-	$3,747
FY 1991 Estimate	-	-	$3,800
Change from 1990 to 1991..............................	-	-	+$53

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	APPROPRIATION						INCREASE OR DECREASE (-) FOR FY 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
ACTIVITY	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Disposal - Real Property	-	$882	-	$3,237	-	$3,283	-	+$46	-	-	-	+$46
2. Outleasing - Government Owned Space	-	216	-	510	-	517	-	+7	-	-	-	+7
TOTAL	-	$1,098	-	$3,747	-	$3,800	-	+$53	-	-	-	+$53
Permanent Positions	-		-		-		-		-		-	

FEDERAL PROPERTY RESOURCES SERVICE
Expenses, Disposal of Surplus Real and
Related Personal Property

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

BACKGROUND

Funds made available under this heading finance contractual services of appraisers, auctioneers, and brokers familiar with local markets as well as contractual surveying and advertising costs. Public Law 100-610 dated November 5, 1988 amended Section 204 (b) of the Federal Property and Administrative Services Act of 1949 to include contractual costs for environmental and historical preservation services under this appropriation. These services supplement the regular staff of GSA who are financed through the Operating Expenses, Federal Property Resources Service appropriation to accelerate the sale of surplus real property; and through the Federal Buildings Fund to improve the utilization of the buildings in the Public Buildings Service inventory of Government-owned real property by outleasing of that space. Funds are made available by apportionments approved by the Office of Management and Budget, from receipts from sales and outleasing of surplus property, subject to a limitation of 12 percent of the proceeds of all disposals within each year, and are available for obligation only during the year in which they are approved.

JUSTIFICATION

A. Highlights

The resources requested are for the following activities:

1. Appraisers' Fees, Auctioneers and Brokers Fees and Surveying - This activity provides for payments to contract appraisers and for payments to auctioneers and brokers by contract and for surveying of surplus properties.
2. Advertising - For advertising necessary in the disposal of surplus real property
3. Environmental Services - Those costs incurred to determine whether there are any factors or conditions that would prohibit the transfer/disposal/sale of Federal Property.
4. Historical Preservation Services - Those costs incurred to determine the historical factors of property, prior to disposal of the property, and what restrictions pertain to that specific property.

As funds provided for this program are under a permanent legislative authorization (subsection (b), Section 204 of the Federal Property and Administrative Services Act of 1949), which requires only the approval of the Director, Office of Management and Budget under the normal apportionment process, no annual appropriation action by Congress is required.

B. EXPLANATION OF CHANGES FY 1990 VS FY 1991

Program Changes - None.

Other Changes - An increase of $53,000 for goods and services cost inflation.

FEDERAL PROPERTY RESOURCES SERVICE
Expenses, Disposal of Surplus Real and
Related Personal Property

PROGRAM BY ACTIVITIES
(Dollars in Thousands)

	FY 1989 Actual	FY 1990 Program	FY 1991 Request
1. Disposal - Real Property			
a. Appraisers' Fees, Auctioneers, Brokers & Surveying Fees.............	$299	$1,290	$1,312
b. Advertising	581	1,747	1,771
c. Environmental Services..	2	100	100
d. Historical Preservation Services....................................	-	100	100
SUB-TOTAL	$882	$3,237	$3,283
2. Outleasing - Government-owned Space			
a. Auctioneers, Brokers & Surveying Fees, Appraisers' Fees and Advertising...	$216	$510	$517
SUB-TOTAL	$216	$510	$517
TOTAL	$1,098	$3,747	$3,800

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS
(Dollars in Thousands)

24.0 Printing and reproduction - $207 - Includes charges for contractual printing and reproduction and also includes charges for photostating, blueprinting and photography in support to the sale of real and related personal property and outleasing of Government-owned space.

25.0 OTHER SERVICES - $3,593 - Contractual services for Appraisers, Auctioneers, Brokers, Surveying, Advertising, Environmental and Historical Preservation Services.

STATEMENT BY THOMAS J. BUCKHOLTZ
COMMISSIONER, INFORMATION RESOURCES MANAGEMENT SERVICE
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT OF THE HOUSE COMMITTEE ON APPROPRIATIONS
FY 1991

Mr. Chairman, I appreciate this opportunity to present the FY 1991 budget request for GSA's Information Resources Management Service (IRMS) before this subcommittee. I am accompanied by Mr. Michael L. Corrigan, the Assistant Commissioner for Telecommunications Services and Mr. Francis A. McDonough, the Assistant Commissioner for Federal Information Resources Management.

We in GSA's Information Resources Management Service are responsible for insuring that the management, procurement, and utilization of Information Resources by Federal agencies is accomplished in the most efficient and cost effective manner.

We are currently making considerable progress in several major projects in carrying out our responsibilities. In an effort to improve the use of our Delegations of Procurement Authority (DPA) Program, we instituted the "Trail Boss" program in February 1988. This program consists of selecting and training qualified persons from Federal agencies to carry out major information technology acquisitions and ensuring that they have the authority and management support to enable the government to modernize its systems through sound and timely acquisitions.

Looking toward the future and stretching existing resources, we are considering new techniques and decision rules for the Delegations of Procurement Authority (DPA) and for the follow-up Procurement Management Review processes. We are examining uses of available data, such as those on procurements, to provide early warnings of potential problems anywhere in the government. We are also exploring the possibility of developing automation tools for the delegation decision-making and oversight process. In addition, in the Schedules Program we are conducting a Productivity and Quality Improvement Plan (PIP) study to identify problems and recommend corrective action. Over the last six years offers received from vendors have increased approximately 40%, with agencies usage of the contracts increasing to $2.2 billion.

Within GSA, IRMS is responsible for providing the vehicle for the replacement of GSA's computing equipment, licensed software, and networking facilities that supports internal GSA

Services and Staff Offices. The FY 1991 budget request includes funding to provide for site preparation for the new generation of equipment and parallel operation of the General Services Administration Systems (GSAS).

During FY 1989, two important contracts were awarded by IRMS for the modernization of telecommunications services to Federal agencies.

The Washington Interagency Telecommunications System (WITS) will replace the current local service telephone system for Federal Agencies in the Washington D.C. metropolitan area. The new system will provide modern local voice and data communications services. Initial cutovers to this system are anticipated to begin in April, 1990 of this year and be completed in 1992.

The FTS 2000 contract was awarded to AT&T Company and US Sprint Communications Co. in FY 1989. This is becoming the Government's new long distance telephone service replacing the current intercity portion of the Federal Telecommunications System. It provides new advanced telecommunications services to Federal agencies while saving the Government approximately $200 million per year, when fully implemented. The phased cutover of services to this system began in October, 1989 and are scheduled to continue through July, 1990. In addition to customary long distance voice services, FTS2000 will offer state-of-the-art data and video communications.

Our request for Budget Authority for Operating Expenses, IRMS, is $39,268,000 for Fiscal Year 1991. This is an increase of $6,788,000 from our authorized level for FY 1990. This amount includes the following changes:

+$2,633,000	General Services Administration Systems (GSAS) costs.
+$427,000	Increased Workload in Multiple Award Schedules Program (MASP) and Contract Administration Program.
+$229,000	Implementation of Telecommunications Accessibility Enhancement Act.
+$450,000	Expanded Delegations and Management Reviews.
+$50,000	GSA's support of the National Communications System (NCS).
+$76,000	Increased workload in the Information Security Oversight Office.
+$705,000	Payments to General Management and Administration for Centralized Support Services
+$2,218,000	Other Changes including inflation, RENT increases, FERS, Pay Raise, and PMS/PMRS awards.

We are requesting no increase in Budget Authority for the Information Technology Fund. We will be happy to answer any questions you may have on our budget requests.

Mr. **Buckholtz**. I am accompanied by a number of members of my staff. We are asking for an increase of slightly less than $6.8 million. Approximately one-third as non-discretionary and the remander is for programmatic requests necessary to accomplish the goals and objections of the Information Resources Management Serivice.

We are requesting no increase in budget authority for the Information Technology Fund. We will be happy to answer any questions.

TELECOMMUNICATION PROJECTS

Mr. **Roybal**. All right. What we will do then is include your written statement in the record, and that would follow what would be the statement you just finished making.

We do have some questions, and we would very quickly like to get to all of them. What is the overall status of the Government telecommunications system at the present time?

Mr. **Buckholtz**. We are happy to announce that the FTS 2000 project, the upgrade to the long distance component, is on schedule, as Mr. Austin discussed yesterday.

Another major project is the upgrade for the Washington area component of the local service. This is referred to as the Washington Interagency Telecommunications System (WITS). It will be a three-phase upgrade, the first one of which will start in April of this year.

Mr. **Roybal**. Now what do you mean by three-phase? I do not understand.

Mr. **Buckholtz**. We will change some of the telephones to a more modern technology this year, again in 1991 and the remainder in the following year.

Mr. **Roybal**. Now because of the changes, that is one of the reasons why you need the additional $6.8 million dollars?

Mr. **Buckholtz**. No, the changes that I was referring to are not related to the $6.8 million dollar increase.

BUDGET INCREASE

Mr. **Roybal**. All right. Again, how can you justify a $6.8 million dollar increase?

Mr. **Buckholtz**. The $6.8 million increase pertains to the OE, IRMS budget. Approximately one-third or $2.2 million of this increase is for non-discretionary increases required to this increase is for non-discretionary increases required to provide a current services level of funding for FY 1991. An additional third or $2.6 million of this increase is requested for the acquisition of GSA Systems, GSAS, project to replace currently installed leased and owned GSA systems. The final third or $2 million includes the $0.7 million to be reimbursed to the GMA account for centralized support services. It also includes specific program inintiatives that are necessary to improve GSA's capabilities and responsiveness in the management of Government-wide IRM responsibilities.

The Federal Telecommunications System is funded through the revolving fund and is not related to this budget request.

Mr. Roybal. What would happen if because of budgetary restraint we are unable to provide the full $6.8 million dollars; in other words, ask you to absorb it?

Mr. Buckholtz. I can address some items and I would ask various other people to address others.

Ray, do you want to say something first?

Mr. Fontaine. Well again, all these accounts, a lot of this is either inflation for your cost of pay raise, things that are basically uncontrollable.

Again, if they had to absorb them, then they would have to go to a hiring freeze, cut training, cut travel. There would be some programmatic impact. They would not be able to do everything at a full level.

IMPACT OF DENYING INCREASES

Mr. Roybal. I am asking these questions because we do not know what the allocations are going to be. By the time we come to markup, we may have an allocation that does not provide for this kind of increase.

So I am asking what the impact will be and see what we can do with it. I predict that we are going to be asked to decrease that.

Mr. Buckholtz. Should I ask various people to address the components?

Mr. Roybal. Yes. I would like to know what the consequences would be supposing we were to say to you that we will give you the same funds you had last year.

Mr. McDonough. Can I give a few examples, Mr. Chairman?

Mr. Roybal. Yes, sir.

Mr. Fontaine. This is Frank McDonough.

Mr. Roybal. Yes.

Mr. McDonough. I am the Assistant Commisioner, Office of Federal Information Resources Management. My office is responsible for developing and monitoring the Government-wide policy and regulations governing the management and acquisition of Federal information resources.

We have requested approximately $229,000 for implementation of the Telecommunications Accessibility Enhancement Act of 1988. Contractual support is needed to assess the most efficient and cost effective way to provide communication capability for hearing and speech impaired individuals within Federal agencies.

We have set up a new relay system to try to make it easier for the hearing impaired in the Government and the country to communicate with their Government agencies.

We have been at it about a year now. We need to do many, many things in this area. We are operating on a shoe-string to be honest. But are making some headway.

Mr. Chairman, the GSA provides policy and regulatory guidance for an annual $18 billion budget in the U.S. Government which covers all of the acquisitions of computer technology and telecommunications technology in all of the agencies.

Another example is our $450,000 request to go out into agencies, examine their records, and review what they have done with the authority we have delegated to them. Did they use this authority to spend money in the most profitable way possible?

We are not getting to each agency frequently enough. The $450,000 would provide funding to conduct additional procurement and management reviews, and it would permit us to insure that a review of the major agencies of this Government is performed at least every three years.

This would permit more effective oversight by GSA and would result in greater savings for the Government and a better managed program. If funding is denied, we will not be able to conduct reviews frequently, and we cannot institute corrective action like we want to in some cases.

Those would be two examples.

Mr. ROYBAL. Anything else?

Mr. FONTAINE. Mr. Olson, do you want to add to that?

This is Allen Olson, Assistant Commissioner Information Resources Procurement.

Mr. OLSON. I have requested approximately $400,000. We manage a multiple award schedule program that, since 1983, has grown from approximately $1.5 billion in usage to $2.3 billion in usage without an increase in staff.

We need to analyze how we are going to run this program more efficiently and keep it effective. Currently, all analysts on staff are assigned to special projects that come up, such as tactical and non-tactical radio equipment for the Goodwill games for which DOD came to us for assistance.

I also get involved with protests where I do not have expert witnesses. I have been provided funding to support the staff I have on board.

It has been recommended we hire expert witnesses. Currently we do not have the resources available for this. We are conducting a productivity improvement study in the schedules program known as the PIP study. This study should enable us to identify problems in the schedules program and recommend corrective action. However, funding is required to implement the results of this study.

The vendors have said there was a lack of understanding of how the agencies should use this $2.3 billion program. We would like to provide publications and guidance so that the agencies have a better understanding of the program and how it works.

Mr. Roybal. I get the impression from what you just said that if this amount is not forthcoming, you of course would have problems. But no one has said yet that there would be a reduction of staff. Is that assumption a correct assumption?

Mr. Cannon. Well, sir, if I might speak to that. My name is Jack Cannon. I am the Controller of IRMS.

The balance of the $6.5 million is made up of the million and a half dollar salary increase that is non-discretionary.

Another $500,000 is built-in inflation in our other program costs; Plus, there is an additional $700,000 to support the Office of Finance under the new funding arrangements for the general management and administration account

So, to the extent that we must absorb these, we would have to reduce people. Our average salary is around $45,000 a year. So it is simply a matter of division to see that we would not be able to afford 60 work-years without the additional $2.7 million.

Mr. ROYBAL. Yes. But the full $6.8 million is not going to be used just to keep people. Now this may be an exercise in futility. We may not have to come through with any reduction. But for some reason or another, we are expecting that we would have to reduce it.

FTS 2000

But let us get into some specifics with regard to programs. What is the FTS 2000 project and what will the total cost of the system be?

Mr. BUCKHOLTZ. FTS 2000 is the modernization of long distance phone service, primarily for the Executive Branch.

Mike, do you want to talk about it?

This is Mike Corrigan.

Mr. CORRIGAN. I am Mike Corrigan and I am the Assistant Commissioner for Telecommunications Services.

We are not buying the system. We are buying services from the system. So there is not any up-front capital investment on the system.

This year we are transitioning from the old system to the new system and there is over $100 million in the cost of that transition.

As of next year, we should be spending about $150 million less for similar services that we received under the old long distance telephone system. There are no other major increases under the new system except for the associated transition costs. In fact, there is a net decrease to Federal agencies.

The contract also includes data services and other additional services. We should realize savings on these services as well, but we do not have as good a handle on what these services currently cost.

Mr. ROYBAL. But you do not know what the savings or anticipated savings will be?

Mr. CORRIGAN. Well, the total anticipated savings in 1991 would be on the order of $150 million, probably going to $200 million in 1992, and then we would hope standing or increasing from that point on.

Mr. ROYBAL. $150,000 million?

Mr. CORRIGAN. Yes, sir.

EQUIPMENT

Mr. ROYBAL. Now you are talking about state-of-the-art equipment. If you are going to get equipment, get the best there is.

Mr. CORRIGAN. Yes, sir.

Mr. ROYBAL. Do not take second best.

Mr. CORRIGAN. One reason we went to a services approach was we used to purchase the equipment, but when the equipment became obsolete in five years, GSA had to continue to use the equipment or purchase new equipment to remain state-of-the-art.

With the services approach, the FTS 2000 contractors are responsible for continually upgrading the equipment to remain state-of-the-art.

Mr. Roybal. Well, how close are we in the Government generally to getting state-of-the-art equipment?

That is ADP equipment?

Mr. McDonough. ADP equipment.

We have made a lot of headway in that area, as we talked last year, Mr. Chairman. At one time the spread between the Government and the private sector in terms of average age was quite great, about nine years difference. In other words, the Government's equipment was about nine years older on the average than the equipment in the private sector.

We have done a lot of work with the help of Congress and the Administration during the 1980s and the spread between the Government and the private sector now is a little more than two years.

So, the gap has been closed. The Government is a lot more modern now than when we first started talking with you about this issue.

Mr. Roybal. GSA has a responsibility to coordinate the acquisitions and the sharing of ADP equipment.

Is there any duplication in this?

Mr. McDonough. Well, there is. We have been running a sharing program, Mr. Chairman, since about 1965. Under that program, hundreds of millions of dollars of savings have resulted to the Government.

We publish notices every three months to all the agencies listing the computers that are available in the Government for agencies to reutilize. Agencies should use that capacity before going out and buying another computer.

That is quite an effective program. It is used widely and there is very significant documented savings.

Mr. Roybal. We are talking here about savings of a $100 million here and $100 million there, but the budget keeps on going up. How come?

Mr. McDonough. Well, that is the nature of computing. The private sector companies are finding that, for example: Some years ago, the average level of expenditures in banks was one per cent of the total bank's funds. Today in many banks it is 10 per cent and going to 12 per cent.

Mr. Roybal. I thought the interest rate was going to go down.

Mr. McDonough. Interest rates will go down but the expenditures will go up. It is because many organizations are finding that they really are paper-processing organizations and computers help paper-processing organizations.

So in and out of the Government, people are making increasingly big investments in this area. There is no sign of it plateauing yet, sir.

Mr. Buckholtz. In general, the Government and society are focusing on information, computers help store and process it, and telecommunications systems help move it.

Mr. Roybal. You have to have, of course, the best equipment you can possibly get. No doubt about that. We also know it is going to cost money to put that in place.

We do not want to see any duplication any place, but I am sure that you are doing everything you possibly can to see that that does not occur.

The things that you make reference to are quite welcome. But when these things come about, we would also like to see them reach a plateau somewhere with regard to your budgetary equipment.

RESEARCH FUNDS

I realize that is not going to happen, even though it may be generally desired. Is anything or is any of this money being spent for research of any kind?

Mr. **Buckholtz**. Frank, any comment?

Mr. **Roybal**. For example, research in computer technology or telecommunications technology or anything like that?

Mr. **Buckholtz**. Frank, we do foster progress on telecommunications devices for the deaf?

Mr. **McDonough**. Are you asking if there is any money in our budget request for research?

Mr. **Roybal**. Yes.

Mr. **McDonough**. No. If you look at research in terms of applied research or pure research, none.

Mr. **Roybal**. What about applied research?

Mr. **McDonough**. Essentially no, but within our governmentwide role we are trying to move the technology forward. For example, for a hearing impaired person to communicate with the Government he must go through a box to an operator at some location who translates what the hearing impaired person is keying in the box. Then the operator dials the person that hearing impaired person is trying to reach.

We are trying to change all that. We are trying to build into the public networks of this nation the ability for hearing impaired people to call whomever they want to call without a person in the middle. That is going to be a wonderful breakthrough for all the hearing impaired people in this country.

Mr. **Roybal**. I do not understand that. What do you mean?

Mr. **McDonough**. Well, it will be done with what is called voice synthesizers built into the computers that drive the public networks of this country. It is just wonderful. We are a little bit away from it, maybe a year or two.

But it is almost at our fingertips and it will change the lives of so many people.

Mr. **Buckholtz**. Currently if there is a deaf person at one end of the line, either the Government employee or the person calling in——

Mr. **Roybal**. Or GSA when you call them. [Laughter.]

Mr. **Buckholtz**. We provide a service, such that during the course of a conversation the information being conveyed verbally to a hearing impaired person is transcribed and sent by telecommunications and computers to the hearing impaired person who can thereby communicate.

Mr. **Roybal**. You say we are about two years away from that?

Mr. **McDonough**. No more.

Mr. **Roybal**. Is that right?

Mr. **McDonough**. It is wonderful.

Mr. **Roybal**. That is terrific.

I would like to thank you and your colleagues for your testimony. There are no more questions and we will consider this taken under advisement.

Mr. BUCKHOLTZ. Thank you for the opportunity to be here.

Mr. ROYBAL. There will be some questions for the record, followed by the justification.

[The questions for the record and the justification follows:]

QUESTIONS FOR THE RECORD FROM CONGRESSMAN EDWARD R. ROYBAL

QUESTION: I note that you are earmarking funds for centralized support services. Would you define what constitutes these services? Does this include ADP modernization?

ANSWER: In FY 1991 we are requesting $705,000 for payments to General Management and Administration for centralized support services. The centralized support services consists of accounting and payroll support that in previous years was appropriated under the GSA General Management and Administrations budget. This increase reflects a change in the source of funding for accounting and payroll support within GSA, and not a net increase to the GSA budget request. This increase in OE, IRMS funding is offset by similar decreases in the GM&A request. OE, IRMS will use this requested increase to reimburse the GM&A reimbursable account for accounting and payroll support provided. This does not include ADP modernization.

QUESTION: Your request is a significant increase over last year's. Is this to make up for a lower percentage of increase from last year? If so, did you experience significant difficulties last year in meeting your obligations?

ANSWER: It is difficult to compare our FY 1990 budget with our FY 1991 request. New requirements have been placed upon us, efforts are being made to improve our existing programs, and we are now looking to providing the contracting vehicle and the physical sites for the future with the gradual replacement of GSA's base of computing equipment. Our FY 1991 request is not to make up for a lower percentage increase from the prior year. Our request accurately reflects the objectives/goals of the GSA Information Resources Management Service for FY 1991.

The OE, IRMS FY 1991 request is a net increase of $6,788,000 over our authorized level for FY 1990. Approximately one-third or $2.2 million of this increase is for non-discretionary increases required to provide a current services level of funding for FY 1991. These increases include inflation, RENT increases for current space, Federal Employee Retirement System (FERS), full-year Pay Act, and PMS/PMRS awards).

An additional third or $2.6 million of this increase is requested for the acquisition of GSA Systems (GSAS) project to replace currently installed leased and owned GSA systems. This project will provide contractual vehicles for GSA users to replace a wide range of leased and owned processing resources with state-of-the-art equipment to meet their information technology needs into the 1990's. An increase in funding is necessary to fund site preparation costs for the agency's mainframe shared computer resources and the parallel operation of the current GSA systems during the transition to the new system.

QUESTIONS FOR THE RECORD FROM CONGRESSMAN EDWARD R. ROYBAL
(Cont'd)

The final third or $2.0 million of this increase includes the $.7 million to be reimbursed to the GM&A account for centralized support services, as mentioned earlier. In addition, this increase includes funding for various projects such as conducting a Productivity and Quality Improvement Plan in the Multiple Awards Schedules Program; implementing the requirements of the Telecommunications Accessibility Enhancement Act of 1988; conducting expanded delegations and management reviews to ensure fair and open competition in the acquisition of information technology; for support of the National Communications System; and to provide for the improvement of information security systems in all executive branch agencies that provide National Security Information. These increases are GSA's response to statutory requirements or efforts to improve GSA's capabilities and responsiveness in the management of Government-wide IRM responsibilities.

QUESTION: The GSAS project comprises a significant portion of the requested increase, would you provide additional information justifying the GSAS request. Please include the FSS, GSF portion in order to speak to total system costs.

ANSWER: The Project for the Acquisition of GSA Systems (GSAS) has been an ongoing project for over two years. This is a procurement, targeted for contract award in fiscal year 1991, that will acquire computer systems to replace obsolete systems now in place and provide a contract vehicle to meet future computer system needs. It is a procurement for computer hardware of various sizes and configurations, software, data communications equipment to complement FTS2000, and support services such as maintenance and training. GSA has already made a substantial financial commitment to gathering requirements and preparing the RFP for this procurement. Until the procurement is completed extra costs will continue to be incurred.

The $2,633,000 increase requested in the fiscal year 1991 IRMS budget is needed to make award on the contract. It will fund existing computer site modifications in preparation for the new replacement equipment. It will also fund parallel operation costs during the transition period while existing production application systems are converted to the new equipment. Without these funds to make award in fiscal year 1991, the award would have to be postponed with the attendant continuing costs of present operation and higher future costs whenever the inevitable replacement computer equipment is acquired. The Federal Supply Service has also included in their fiscal 1991 request, approximately $7,500,000 for application systems conversion for the first phase of replacement computer equipment.

QUESTIONS FOR THE RECORD FROM CONGRESSMAN DANIEL K. AKAKA

FTS2000

QUESTION: You have awarded the contract for FTS2000 and the system is now operational. Has the transition been a smooth one?

ANSWER: The transition to FTS2000 has been a very cooperative and smooth endeavor. As of February 20, 1990, approximately 800,000 users, which is about seventy-five percent of the voice traffic, have been transitioned from the old FTS to FTS2000.

QUESTION: Forty percent of the contract went to Sprint, and sixty percent went to AT&T. How is this split procurement working out? Is there any friction between these two competitors?

ANSWER: The RFP required both vendors after award to submit a coordinated transition plan. This requirement was accomplished on time and the transition plan is being carried out in a very cooperative manner.

Each vendor is dealing with the agencies assigned to their network. Over 2,000 new service orders have been processed through GSA to meet the agencies requirements. We are not aware of any friction between the competitors.

QUESTION: When agencies have problems, who do they turn to--GSA or the long distance provider?

ANSWER: Generally GSA. If it's an operational problem, such as a noisy line, the agency would contact GSA's Trouble Handling Information System. If a billing problem arises, GSA's billing area would handle the problem.

There could be a time that the vendor would be contacted first, such as a user reaching the wrong number and needing dialing assistance or a credit, then the operator on the network serving that agency would be contacted.

QUESTIONS FOR THE RECORD FROM CONGRESSMAN DANIEL K. AKAKA
(cont'd)

COMPUTER SECURITY

BACKGROUND: Computer security is a growing problem. Hardly a day goes by when you don't hear or read about a computer network being broken into or a computer virus being launched.

QUESTION: Has you agency developed any policies or procedures to safeguard GSA computer networks?

ANSWER: YES. GSA has implemented ADM 2100.1C, an order that establishes GSA's Automated Information Systems Security Program. Network security provisions are addressed in this order and system owners and operators are made responsible for ensuring the security of their systems. GSA has also implemented ADM 2100.2, Computer Security Training, which covers multiple security training needs. Additionally, computer security policies and procedures are described in IRM P 2100.5.

QUESTION: Does GSA provide counsel to other agencies on how they can adequately safequard their data bases?

ANSWER: GSA's Office of Technical Assistance developed an Information Technology Installation Security Handbook for the use of Federal agencies, which addresses most computer security topics. GSA's Office of Information Resources Management Policy, in conjunction with several other agencies, published a brochure that provides general information about information resources security programs and current and future security issues.

BACKGROUND: I have to assume that there are a number of Federal agencies who are still in the "Dark Ages" when it comes to computer security.

QUESTION: Given the heavy reliance on computers by Federal agencies, do you feel there is a need to develop some Governmentwide policies on computer security?

ANSWER: The Computer Security Act of 1987 assigned the National Institute of Standards and Technology, with the assistance of the National Security Agency, primary responsibility for the development of Governmentwide unclassified computer security guidance. This Act also assigned Governmentwide security responsibilities to the Office of Management and Budget and the Office of Personnel Management. All of these agencies have been active in issuing computer security policies and guidelines within their specific areas of responsibility.

QUESTIONS FOR THE RECORD FROM CONGRESSMAN DANIEL K. AKAKA
(cont'd)

Although not having a lead role in security, GSA nonetheless provides some information resources security guidance in Federal Information Resources Management Regulation amendments and bulletins. GSA has also been active in publishing other security guidance documents, such as the Information Technology Installation Security Handbook and brochure on Information Resources Security: What Every Federal Manager Should Know mentioned above. Additionally, GSA is surveying Federal agencies to determine whether they are complying with the planning requirements instituted as a result of the Computer Security Act.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
FY 1990 Level Authorized by Public Law 101-136......	360	381	$32,480
Estimated FY 1991....................................	394	376	$39,268
Changes from 1990 to 1991............................	+34	-5	+$6,788

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	Appropriation						Increase or Decrease (-) for 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Federal Information Resources Management...	103	$7,668	110	$8,016	105	$9,335	-5	$1,319	-5	$713	-	$606
2. External Information Services...............	26	4,859	26	4,867	26	5,269	-	402	-	133	-	269
3. Information Resources Procurement............	79	4,800	87	5,173	87	6,067	-	894	-	483	-	411
4. GSA Information Systems................	81	7,378	78	7,431	78	10,646	-	3,215	-	2,733		482
5. Telecommunications Services...............	110	5,630	65	5,923	65	6,702	-	779	-	382	-	397
6. Information Security Oversight Office.......	12	1,037	15	1,070	15	1,199	-	129	-	76	-	53
7. National Security Emergency Preparedness.	-	340	-	-	-	50	-	50	-	50	-	-
Unobligated balance lapsing................	-	163	-	-	-	-	-	-	-	-	-	-
Total.....................	411	$31,875	381	$32,480	376	$39,268	-5	$6,788	-5	$4,570	-	$2,218
Permanent Positions	431		360		394		34		34		-	

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

Direct obligational authority for FY 1991 of $39,268,000 and 376 full-time equivalent (FTE) workyears are requested. This is a net increase of $6,788,000 in funding and a decrease of 5 FTE from the FY 1990 level. The increases in funding requirements from FY 1990 consist of $1,288,000 for part year and annualized cost of pay raises, $345,000 for performance awards of Performance Management System (PMS)/Performance Management and Recognition System (PMRS), $166,000 for increased costs of the Federal Employees Retirement System (FERS), $474,000 for inflation, $229,000 for the implementation of the Telecommunications Accessibility Enhancement Act, $450,000 for expanded delegation and management reviews, $427,000 for increased workload in the Multiple Awards Schedules Contracts and contract administration program, $2,633,000 for site preparation and parallel operations costs associated with the General Services Administration System (GSAS)—formerly, IPDC-90, $76,000 for growth in the Information Security Oversight Office (ISOO), $50,000 for GSA's support of the National Communications System, $705,000 for payments to General Management and Administration for centralized support services, and $200,000 for net changes resulting from the absorption of costs associated with the pay increase and internal reprogramming actions. These increases are partially offset by a decrease of $255,000 for RENT payments on current space. The reduction of 5 FTE in FY 1991 offsets a onetime increase in FY 1990.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SUMMARY EXPLANATION OF CHANGES FROM FISCAL YEAR 1990 TO 1991
(Dollars in Thousands)

	Federal Information Resources Management		External Information Services		Information Resources Procurement		GSA Information Systems		Telecommunications Services		Information Security Oversight Office		National Security Emergency Preparedness		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
PROGRAM CHANGES																
A. GNAS Costs	-	-	-	-	-	-	-	$2,633	-	-	-	-	-	-	-	$2,633
B. Increased Workload in MASC and Contract Adm. Prog.	-	-	-	-	-	$427	-	-	-	-	-	-	-	-	-	427
C. Implementation of Telecommun. Access. Enhancement Act	-	$229	-	-	-	-	-	-	-	-	-	-	-	-	-	229
D. Expanded Delegations and Management Reviews	-	450	-	-	-	-	-	-	-	-	-	-	-	-	-	450
E. Onetime Increase in FY 1990 FTE Ceiling	-5	-	-	-	-	-	-	-	-	-	-	-	-	-	-5	-
F. GSA Support of NCS	-	-	-	-	-	-	-	-	-	-	-	-	-	$50	-	50
G. Increased Workload in ISOO	-	-	-	-	-	-	-	-	-	-	-	$76	-	-	-	76
H. Payments to General Mgmt. and Adm. for Centralized Support Services	-	34	-	$133	-	56	-	100	-	$382	-	-	-	-	-	705
TOTAL, PROGRAM CHANGES	-5	$713	-	$133	-	$483	-	$2,733	-	$382	-	$76	-	$50	-5	$4,570
OTHER CHANGES																
A. Part Year and Annualized Cost of Pay Raise	-	$409	-	$102	-	$282	-	$262	-	$195	-	$38	-	-	-	$1,288
B. FERS Impact	-	49	-	11	-	38	-	34	-	28	-	6	-	-	-	166
C. PMS/PMRS Awards	-	100	-	27	-	74	-	71	-	67	-	6	-	-	-	345
D. RENT Increase/Decrease	-	18	-	3	-	13	-	12	-	-303	-	2	-	-	-	-255
E. Inflation	-	64	-	135	-	27	-	125	-	116	-	7	-	-	-	474
F. Net Other Changes	-	-34	-	-9	-	-23	-	-22	-	294	-	-6	-	-	-	200
TOTAL, OTHER CHANGES	-	$606	-	$269	-	$411	-	$482	-	$397	-	$53	-	-	-	$2,218
TOTAL CHANGES, 1990 to 1991	-5	$1,319	-	$402	-	$894	-	$3,215	-	$779	-	$129	-	$50	-5	$6,788

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FEDERAL INFORMATION RESOURCES MANAGEMENT
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	101	$7,500	108	$7,841	103	$9,111	-5	$1,270	-	$679	-	$591
Prorated Service Direction	2	168	2	175	2	224	-	49	-	34	-	15
Total Resources	103	$7,668	110	$8,016	105	$9,335	-5	$1,319	-5	$713	-	$606

BACKGROUND
The Office of Federal Information Resources Management develops, plans, and directs Governmentwide programs, policies and regulations governing the management and acquisition of Federal information resources. The office develops and monitors Governmentwide policies and regulations; reviews Federal agencies' implementation programs; conducts long-range planning and research relating to future Governmentwide information resources management needs, and coordinates the distribution of excess ADP equipment with a value of $1 million or more between Government agencies.

JUSTIFICATION

A. HIGHLIGHTS

The basic goal of the Office of Federal Information Resources Management is to improve Government operations by supporting Federal managers in the use of modern ADP and telecommunications technology and current records and information management practices. This activity is performed by two organizations: the Office of Information Resources Management Policy and the Office of Innovative Office Systems.

The Office of Information Resources Management Policy develops and coordinates Governmentwide policymaking related to the management and procurement of information resources; develops and implements Governmentwide standards and guidelines for management; develops and coordinates Governmentwide ADP, telecommunications, and records management and procurement regulations; evaluates policy and regulatory proposals, plans Governmentwide coordinated management systems that integrate the regulatory and service programs of IRMS with the needs of agencies and the equipment and services offered in the marketplace; and implements and ensures compliance with policies and procedures, regulations, and standards pertaining to the Federal information resources acquisition process.

In an effort to improve the ADP and telecommunications acquisition process, the "Go for 12" program was initiated. The goal of this program is to develop and institutionalize procedures which provide the opportunity to conduct and conclude typical IRM acquisitions within a twelve-month period. The "Trail Boss" program implements findings from "Go-for-12". Under the "Trail Boss" program, agencies designate a single, highly skilled individual, to be the ultimate authority for producing a timely and cost-effective information technology system from start to finish.

During January 1989, the Excess ADP Equipment Program was transferred from the IT Fund. This program finances the screening of excess Government-owned ADP equipment and, where there is a known user or high potential for reutilization, reassigns and relocates the equipment with a new user. The Excess Equipment Information System (EEIS) is maintained and operated in accordance with FIRMR 201-33. The reporting threshold for agencies was raised to $1 million, which reduced the program's workload due to a decreased number of reported items.

The Office of Innovative Office Systems anticipates and plans for the consequences of uses of systems and technology Governmentwide; develops and recommends proposed directives, policies and guidelines to promote improved automated recordkeeping; and coordinates nationwide campaigns relating to specific aspects of

FEDERAL INFORMATION RESOURCES MANAGEMENT (continued)

records and information. During September 1989, the Office of Innovative Office Systems conducted its 28th annual IRM conference in Richmond, Virginia. Nearly 300 representatives from other Federal agencies participated in the conference on ADP, records management, and telecommunications issues.

In addition, the Office of Federal Information Resources Management is responsibile for ensuring that policy issues and regulations associated with the implementation of the Telecommunications Accessibility Enhancement Act of 1988 (P.L. 100-542) are addressed. Assessments are made to determine the most efficient and cost effective means of providing hearing and speech-impaired individuals Federal Government communications.

B. EXPLANATION OF CHANGES, FY 1990 vs FY 1991

Program Changes. Includes increases of $229,000 for the implementation of the Telecommunications Accessibility Enhancement Act, $450,000 for expanded delegations and management reviews, and $34,000 for payments to General Management and Administration for centralized support services. Also, includes a net decrease of 5 FTE due to a onetime FY 1990 increase in FTE ceiling.

Other Changes. Includes increases of $409,000 for part year and annualized cost of pay raises, $100,000 for PMS/PMRS awards, $49,000 for the increase in FERS, $18,000 for increase in RENT costs, $64,000 for inflation, and an offsetting decrease of $34,000 for other changes.

(Includes prorated amount of Service Direction.)

Workload Factors	1989 Actual	1990 Program	1991 Request	% Change
A. Policy/Regulatory Development Actions Completed	70	70	70	-
B. Cases Reviewed:				
1. ADP Equipment Cases	330	375	375	-
2. Telecommunications Cases	259	375	375	-
C. Number of Vendor Protests to GSA Board of Contract Appeals	268	300	350	17%
D. Procurement Management Reviews	3	6	6	-
E. Excess ADP Equipment Program:				
1. Reports of Excess ADP Equipment Processed	4685	20	20	-
2. Equipment Transfers Processed	313	15	15	-
3. Value of ADPE Transferred ($ Thousands)	$28,000	$30,000	$30,000	-

FEDERAL INFORMATION RESOURCES MANAGEMENT

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $5,378,000 - For 102 permanent and 103 total workyears.

12.1 Personnel Benefits - $821,000 - Includes $511,000 for direct contribution to retirement fund, $213,000 for health benefits, $13,000 for group insurance, $73,000 for Medicare payments, and $11,000 for accident compensation.

13.0 Benefits for Former Personnel - $9,000 - Provides $9,000 for benefits due to former employees.

21.0 Travel and Transportation of Persons - $62,000 - Includes $62,000 for travel in connection with participation in Standards Committees, Central Office management activities, and travel associated with training.

23.1 Rental Payments to GSA - $612,000 - Provides $612,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $193,000 - Includes $151,000 for telephone service and other communication services and $42,000 for postage.

24.0 Printing and Reproduction - $249,000 - Provides $80,000 for printing for the Federal Register and Code of Federal Regulations, $45,000 for electrostatic copying, photographic services and other recurring printing requirements and related distribution charges, and $124,000 for printing regulations, directives, and standards.

25.0 Other Services - $1,486,000 - Includes $59,000 for technical training, $337,000 in payments to the IT Fund for ADP services, $200,000 for technological subscription services, $100,000 for office automation equipment maintenance, and $600,000 for contractual payments for studies and reviews, and $190,000 for other commercial services.

26.0 Supplies and Materials - $55,000 - Includes $20,000 for office supplies and $35,000 for technical publications.

31.0 Equipment - $246,000 - Provides $246,000 for administrative equipment and furniture, and office automation equipment and peripherals.

Excludes prorated amount of Service Direction. See Service Direction for Explanation of Distribution by Objects.

EXTERNAL INFORMATION SERVICES
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	17	$4,199	17	$4,178	17	$4,386	-	$208	-	-	-	$208
Prorated Service Direction	9	660	9	689	9	883	-	194	-	$133	-	61
Total Resources	26	$4,859	26	$4,867	26	$5,269	-	$402	-	$133	-	$269

BACKGROUND

The External Information Services program manages and directs the operation and maintenance of Governmentwide data bases including the Catalog of Federal Domestic Assistance, the Federal Procurement Data System, and the Automatic Data Processing Equipment/Data System.

JUSTIFICATION

B. HIGHLIGHTS

The basic goals of this office are to improve operating effectiveness, achieve cost reductions and increase the productivity of Government personnel. This activity is composed of two organizations: the Federal Domestic Assistance Catalog Staff and the Automated External Information Division.

The Federal Domestic Assistance Catalog Staff compiles, edits, reviews, and publishes the Catalog of Federal Domestic Assistance, the Formula Report to Congress, and updates and maintains the Federal Assistance Programs Retrieval System (FAPRS). The FAPRS contains information on Federal programs to assist state and local Governments, private sector and nonprofit organizations and institutions, public, quasi-public, and private organizations and institutions, as well as individuals. The fifth annual Formula Report, required by the U.S. Congress (P.L. 98-169), was submitted in July 1989. The report is the qualitative documentation of all Federal domestic assistance programs that employ a formula, cost-sharing, or cost-matching requirements as a basis for determining the distribution of Federal funds. The 1989 Formula Report contained data on 332 Federal domestic assistance programs which are under the auspices of 19 agencies.

The Automated External Information Division oversees the development, maintenance and ongoing operation of Governmentwide systems providing information on Governmentwide procurement activities and ADP systems inventory, and monitors the delivery of information services and uses the best available information technology to increase the efficiency of these services.

The Federal Equipment Data Center (FEDC) was established in 1980 by P.L. 96-511 to maintain a current inventory of owned (valued over $50,000 per system) and leased general purpose data processing equipment as reported by over 60 Federal agencies. The FEDC through the Automated Data Processing Equipment/Data System (ADPE/DS) produces reports to satisfy the need for geographical and market analyses and marketing strategies, and a requirement of Federal information resource managers to review equipment profiles and compare operations of other Federal agencies.

EXTERNAL INFORMATION SERVICES (continued)

The Federal Procurement Data System (FPDS) is a computer-based information system established in 1978 by P.L. 93-400 to collect, develop, and disseminate acquisition data which takes into account the needs of Congress, the Executive Branch, and the private sector. GSA acts as the executive agent for the Administrator of the Office of Federal Procurement Policy (OFPP) operating the FPDS. The Federal Procurement Data Center (FPDC) is funded through the IT Fund and receives the majority of its reimbursements from the OE, IRMS appropriation for operation of the FPDC and the balance from other agencies and the private sector.

B. EXPLANATION OF CHANGES, FY 1990 vs FY 1991

Program Changes. Includes an increase of $133,000 for payments to General Management and Administration for centralized support services.

Other Changes. Includes increases of $102,000 for part year and annualized cost of pay raises, $27,000 for PMS/PMRS awards, $11,000 for the increase in FERS costs, $3,000 for the increase in [illegible] costs, $135,000 for inflation, and an offsetting decrease of $9,000 for other changes.

Workload Factors	1989 Actual	1990 Program	1991 Request	% Change
A. Federal Equipment Data Center:				
1. ADP Equipment Systems Requests Processed....	70	70	70	-
2. Number of Published Reports Processed.......	3	2	2	-
3. Number of Input Transactions Processed......	220,000	230,000	240,000	4%
B. Federal Assistance Program:				
1. Number of Users............................	400	450	500	11%
2. Number of Searches.........................	4,000	4,500	5,000	11%
C. Federal Procurement Data Center:				
1. Number of Reports Published................	2	1	4	300%
2. Number of Special Reports Processed........	650	675	700	4%
3. Number of Non-Revenue Inquiries Processed...	5,000	5,000	5,000	-
4. Number of Agency Transactions (SF-279) Processed................................	900,000	1,000,000	1,200,000	20%

EXTERNAL INFORMATION SERVICES

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $884,000 - For 17 permanent and total workyears.

12.1 Personnel Benefits - $121,000 - Includes $69,000 for direct contributions to the retirement fund, $30,000 for health benefits, $5,000 for group life insurance, $2,000 for accident compensation fund, and $15,000 for Medicare payments.

13.0 Benefits for Former Personnel - $2,000 - Provides $2,000 for benefits due to former employees.

21.0 Travel and Transportation of Persons - $15,000 - Provides $13,000 for travel required to perform technological and advisory services for Government agencies and $2,000 for associated motor pool costs.

23.1 Rental Payments to GSA - $103,000 - Provides $103,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $46,000 - Includes $35,000 for local and intercity communications, $4,000 for equipment rental, and $7,000 for postage.

24.0 Printing - $170,000 - Includes $12,000 for copier reproduction, $8,000 for general use printing and distribution costs, and $150,000 for printing publications.

25.0 Other Services - $3,034,000 - Includes $12,000 for employee development and training, $45,000 ADP equipment lease and maintenance, $236,000 in payments to the IT Fund for ADP services, $2,000,000 for support of the FPDC, $660,000 for technical support services, and $81,000 for other commercial services.

26.0 Supplies and Materials - $10,000 - Includes $3,000 for office supplies and $7,000 for technical publications.

31.0 Equipment - $1,000 - Provides $1,000 for administrative and office automation equipment and peripherals.

Excludes prorated amount of Service Direction. See Service Direction for Explanation of Distribution by Objects.

INFORMATION RESOURCES PROCUREMENT
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	76	$4,540	83	$4,885	83	$5,698	-	$813	-	$427	-	$386
Prorated Service Direction	3	260	4	288	4	369	-	81	-	56	-	25
Total Resources	79	$4,800	87	$5,173	87	$6,067	-	$894	-	$483	-	$411

BACKGROUND

The Office of Information Resources Procurement directs, administers, and manages Governmentwide acquisition programs for ADP and telecommunications equipment, software, services, and related items; competitively procures circuit facilities, services, and terminal and special purpose equipment; directs the development of and implements new acquisition techniques and programs for ADP and telecommunications; maintains liaison with industry associations and State, local, and foreign governments in ADP and telecommunications matters; conducts specific economic analyses required by IRMS to achieve its program objectives; represents the Government before state telephone rate commissions when proposed rate changes are determined to have a large impact on Government costs; and manages reimbursable ADP and telecommunications procurement programs financed through the Information Technology Fund.

JUSTIFICATION

A. HIGHLIGHTS

The basic goal of the Office of Information Resources Procurement is to improve Government operations by providing the most economical and efficient methods of procurement of information technology products and services for the Federal Government. In addition to supporting the IT Fund funded procurement programs, this office provides internal and external procurement support for the acquisition of ADP systems and services, and operates the Multiple Award Schedules (MAS) Program. The Systems and Services Program comprises the procurement of ADP systems, equipment, and services for the internal use of GSA, and as appropriate, for the use of other Federal agencies. In FY 1989, the office awarded MAS contracts to 860 vendors under the Multiple Award Schedules Program and agencies expended approximately $2.9 billion to acquire the ADP and telecommunications equipment, software, services, and maintenance offered. Estimated savings resulting from these programs amounted to $1 billion in FY 1989.

B. EXPLANATION OF CHANGES, FY 1990 vs 1991

Program Changes. Includes increases of $427,000 for the increased workload in the MASC and contract administration programs and $56,000 for payments to General Management and Administration for centralized support services.

Other Changes. Includes increases of $282,000 for part year and annualized cost of pay raises, $74,000 for PMS/PMRS awards, $38,000 for the increase in FERS costs, $13,000 for the increase in RENT costs, $27,000 for inflation, and an offsetting decrease of $23,000 for other changes.

(Includes prorated amount of Service Direction.)

INFORMATION RESOURCES PROCUREMENT (continued)

Workload Factors	1989 Actual	1990 Program	1991 Request	% Change
A. Procurements for Agencies				
1. Multiple Award Schedule Contracts				
ADP Equipment - Systems and Accessories				
Number	603	615	627	2%
$Millions	$2,564	$2,615	$2,668	2%
Communications (Class 58)				
Number	257	262	267	2%
$Millions	$322	$328	$335	2%
2. Offers Processed				
ADPE - Number	899	917	935	2%
Communications - Number	369	376	384	2%
3. Modifications Executed (Per Year)				
ADPE				
Number	691	712	733	3%
$Millions	$2,306	$2,352	$2,399	2%
Communications				
Number	308	308	308	-
$Millions	$339	$399	$399	-
4. Contracts Administered				
ADPE*				
Number	895	913	931	2%
Value in $Millions	$2,383	$2,431	$2,479	2%
Communications**				
Number	370	377	385	2%
Value in $Millions	$425	$434	$442	2%
B. Procurements for GSA				
1. Contracts				
Number	15	22	24	9%
Value in $Millions	$84	$90	$330	267%
2. Purchase/Delivery Orders				
Number	837	921	1,013	10%
Value in $Millions	$38	$39	$41	5%
3. Contracts Administered				
Number	37	43	46	7%
Value in $Millions	$266	$285	$515	81%

*Estimate based on dollar value of contracts.
**Estimate based on peak period (month) during FY 1989.

INFORMATION RESOURCES PROCUREMENT

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $3,569,000 - For 83 permanent and total workyears.

12.1 Personnel Benefits - $607,000 - Includes $387,000 for direct contributions to the retirement fund, $151,000 for health benefits, $12,000 for group insurance, $9,000 for accident compensation, and $48,000 for Medicare payments.

13.0 Benefits for Former Personnel - $7,000 - Provides $7,000 for pensions, annuities, or other benefits due to former employees.

21.0 Travel and Transportation - $13,000- Includes $13,000 for travel in connection with procurement functions, review of agency requirements, Central Office management activities, and travel associated with training.

23.1 Rental Payments to GSA - $462,000 - Provides $462,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $152,000 - Includes $121,000 for local and intercity telephone service, and $31,000 for postage.

24.0 Printing and Reproduction - $98,000 - Provides $17,000 for general use printing, $41,000 for printing solicitations, terms & conditions, ADP Schedules, and special notices, and $40,000 for copier reproduction.

25.0 Other Services - $650,000 - Includes $44,000 for technical training, $5,000 to other Government agencies for security investigations, $110,000 for ADP services, $80,000 for equipment lease and maintenance, and $411,000 for contractor support services.

26.0 Supplies and Materials - $13,000 - Includes $4,000 for general operating supplies, $6,000 for office supplies, and $3,000 for technical publications.

31.0 Equipment - $127,000 - Provides $127,000 for office automation and administrative equipment.

Excludes prorated amount of Service Direction. See Service Direction for Explanation of Distribution by Objects.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

GSA INFORMATION SYSTEMS
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	74	$6,868	71	$6,913	71	$9,983	-	$3,070	-	$2,633	-	$437
Prorated Service Direction	7	510	7	518	7	663	-	145	-	100	-	45
Total Resources	81	$7,378	78	$7,431	78	$10,646	-	$3,215	-	$2,733	-	$482

BACKGROUND

The Office of GSA Information Systems manages and directs the GSA-wide automated information systems program and the provision of automated information resources within the Information Resources Management Service (IRMS).

JUSTIFICATION

A. HIGHLIGHTS

The basic goals of this Office are to upgrade computer resources to promote technological enhancements, improve operating effectiveness, achieve cost reductions and increase the productivity of Government personnel.

The Office of GSA Information Systems develops and oversees GSA policy concerning the acquisition, development, and use of automated information systems, equipment, and facilities within the guidelines established by the Executive Steering Committee for Information Resources Management; ensures that the GSA 5-Year IRM Plan is kept current by GSA organizational components; develops and enforces standards and procedures to be used by GSA organizations in acquiring, developing, and implementing data communications systems, equipment, and facilities; is responsible for overall GSA computer performance management and capacity planning and for designing, developing, and implementing data communications systems needed to link GSA's computers; provides technical support for GSA organizations whose level of ADP activity does not warrant a full-time ADP staff; and provides agencywide assistance and support relating to automated information activities in the areas of office automation, data management, systems development, and acquisition support.

GSA INFORMATION SYSTEMS (continued)

The replacement of the current UNISYS A15 and Honeywell DPS mainframe computers and the associated data communications facilities with recompeted equipment provided by the General Services Administration System (GSAS) project, formerly, IPDC-90, will provide a fully integrated and compatible departmental computing architecture. The new resources are projected to provide GSA with state-of-the-art information processing and data communications capabilities resulting in improved performance and higher reliability.

B. EXPLANATION OF CHANGES, FY 1990 vs FY 1991

Program Changes. Includes increases of $2,633,000 for site preparation and parallel operation costs for the GSAS, and $100,000 for payment to General Management and Administration for centralized support services.

Other Changes. Includes increases of $262,000 for part year and annualized cost of pay raises, $71,000 for PMS/PMRS awards, $34,000 for the increase in FERS costs, $12,000 for the increase in RENT costs, $125,000 for inflation, and an offsetting decrease of $22,000 for other changes.

(Includes prorated amount of Service Direction.)

Workload Factors	1989 Actual	1990 Program	1991 Request	% Change
1. Office Automation Post-Implementation Reviews......	99	60	60	-
2. Office Automation Periodic Publications and Special Notices - Number of Issues/Notices.......	28	18	18	-
3. Quality Assurance Reviews - Number of Reviews......	8	6	6	-
4. Technical Support Requests..........................	5,397	4,800	4,800	-

GSA INFORMATION SYSTEMS

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $3,293,000 - For 71 permanent and total workyears.

12.1 Personnel Benefits - $527,000 - Includes $331,000 for direct contributions to the retirement fund, $126,000 for health benefits, $10,000 for group life insurance, $8,000 for accident compensation fund, and $52,000 for Medicare payments.

13.0 Benefits for Former Personnel - $7,000 - Provides $7,000 for benefits due to former employees.

21.0 Travel and Transportation of Persons - $56,000 - Provides $56,000 for travel associated with Central Office management and program activities and travel associated with training.

23.1 Rental Payments to GSA - $437,000 - Provides $437,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $142,000 - Includes $112,000 for local and intercity communications, and $30,000 for postage.

24.0 Printing - $126,000 - Includes $40,000 for copier reproduction, $25,000 for general use printing and distribution costs, and $61,000 for printing publications.

25.0 Other Services - $4,068,000 - Includes $83,000 for employee development and training, $200,000 for ADP equipment lease and maintenance, $646,000 in payments to the IT Fund for ADP services, $1,550,000 for site preparation associated with the establishment of the GSAS, $1,589,000 for commercial contracts to provide reviews and studies.

26.0 Supplies and Materials - $47,000 - Includes $33,000 for general operating supplies, $7,000 for technical publications, and $7,000 for supplies.

31.0 Equipment - $1,280,000 - Provides $910,000 for the parallel operation costs of current mainframe computers and associated data communication facilities with GSAS and $370,000 for administrative and office automation equipment and peripherals.

Excludes prorated amount of Service Direction. See Service Direction for Explanation of Distribution by Objects.

TELECOMMUNICATIONS SERVICES
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	85	$3,661	41	$3,947	41	$4,169	-	$222	-	-	-	$222
Prorated Service Direction	25	1,969	24	1,976	24	2,533	-	557	-	$382	-	175
Total Resources	110	$5,630	65	$5,923	65	$6,702	-	$779	-	$382	-	$397

BACKGROUND

The Office of Telecommunications Services manages and directs activities of IRMS that relate to reimbursable telecommunications programs including the present Federal Telecommunications System (FTS) and its replacement, FTS 2000; Washington Interagency Telecommunications System (WITS), and the acquisition of telecommunications services, telecommunications marketing and user services programs. The office develops overall telecommunications and regional objectives, long-range plans, comprehensive programs, and organization and operating methods needed to accomplish program objectives, and also coordinates and oversees all activities (ADP and Telecommunications) relating to IRMS programs carried out in the GSA regions. In addition, this Office is responsible for operation of the Federal Information Center (FIC) program which provides information services for the public and business community on Federal Government programs.

JUSTIFICATION

A. HIGHLIGHTS

The basic goal of the Office of Telecommunications Services is to adhere to high standards of customer service in the operation of GSA local and intercity service voice and data communications systems and the Federal Information Center program. This Office is responsible for the following: providing intercity telecommunications services for Federal agencies throughout the United States, Puerto Rico, Guam, and the American Virgin Islands; establishing procedures, reviewing and implementing operational policies, and defining standards for the acquisition and implementation of GSA local service telecommunications systems; and management of the nationwide FIC program.

The Office of Telecommunications Services provides the focal point for IRMS regional activities; provides for the overall management, control, and coordination of Governmentwide programs and activities relating to the operation, maintenance, and utilization of local telecommunications equipment and services; provides for the management of reimbursable programs financed through the IT Fund; and provides assistance to the public through the Federal Information Centers which provide one-stop information services for the public and business community on the Federal Government programs.

B. EXPLANATION OF CHANGES, FY 1990 vs 1991

Program Changes. Includes an increase $382,000 for payments to General Management and Administration for centralized support serivces.

Other Changes. Includes increases of $195,000 for part year and annualized cost of pay raises, $67,000 for PMS/PMRS awards, $28,000 for the increase in FERS costs, $116,000 for inflation, $294,000 for other changes, and an offsetting decrease of $303,000 for RENT.

(Includes prorated amount of Service Direction.)

Workload Factors	1989 Actual	1990 Program	1991 Request	% Change
Number of Public Inquiries (millions)..........	2	2	2	-

TELECOMMUNICATIONS SERVICES

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $1,067,000 - For 41 permanent and total workyears.

12.1 Personnel Benefits - $243,000 - Includes $180,000 for direct contributions to retirement fund, $47,000 for health benefits, $5,000 for group life insurance, $2,000 for Medicare payments, and $9,000 for accident compensation.

13.0 Benefits for Former Personnel - $8,000 - Provides $8,000 for benefits due to former employees.

21.0 Travel and Transportation of Persons - $5,000 - Includes $5,000 for travel associated with Central Office management activities and training.

23.1 Rental Payments to GSA - $70,000 - Provides $70,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $741,000 - Includes $702,000 for local and intercity communications costs, and $39,000 for postage and fees.

24.0 Printing - $46,000 - Includes $8,000 for general use printing, $7,000 for copier reproduction, and $31,000 for printing of FIC directories.

25.0 Other Services - $1,978,000 - Includes $6,000 for employee development and training, $20,000 for literature distribution through the Consumer Information Center, $10,000 for maintenance of equipment, $1,942,000 for payments to commercial contractor for FIC services.

26.0 Supplies and Materials - $4,000 - Includes $2,000 for general operating and office supplies and $2,000 for reference publications.

31.0 Equipment - $7,000 - Includes $7,000 for administrative and ADP equipment.

Excludes prorated amount of Service Direction. See Service Direction for Explanation of Distribution by Objects.

INFORMATION SECURITY OVERSIGHT OFFICE
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	12	$1,037	15	$1,070	15	$1,199	-	$129	-	$76	-	$53
Prorated Service Direction	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	12	$1,037	15	$1,070	15	$1,199	-	$129	-	$76	-	$53

BACKGROUND

Executive Order 12356 established a system for all executive agencies to follow when classifying, handling and declassifying national security information. The order assigned to the Information Security Oversight Office (ISOO) the responsibility for overseeing agency compliance with the provisions of the order.

JUSTIFICATION

A. HIGHLIGHTS

The Office provides oversight for the information security program established by Executive Order 12356. This involves monitoring the information security programs of approximately 80 executive branch agencies. Major responsibilities include the conducting of on-site reviews and the development and promulgation of directives necessary for implementation of the order. The Information Security Oversight Office establishes requirements for reports from agencies, analyzes data received together with data collected from on-site reviews, and advises agencies about any deficiencies and violations. The Office reports annually to the President on the state of the program throughout the Executive Branch. In FY 1990, ISOO inspections will be limited to one formal compliance inspection per year in each agency and major subordinate elements. In lieu of additional inspections, ISOO will conduct a series of special projects and studies on specific information security subjects.

B. EXPLANATION OF CHANGES, FY 1990 vs. 1991

Program Changes. Includes an increase of $76,000 to cover increased responsibilities.

Other Changes. Includes increases of $38,000 for part year and annualized cost of pay raises, $6,000 for PMS/PMRS awards, $6,000 for the increase in FERS costs, $2,000 for the increase in RENT costs, $7,000 for inflation, and an offsetting decrease of $6,000 for other changes.

Workload Factors	1989 Actual	1990 Program	1991 Request	% Change
Agency Inspections	175	165	165	-
Review of Agency Regulations	140	140	140	-
Suggestions, Complaints, Informal Investigations	180	180	180	-
Statistical Reports Reviewed	190	190	190	-
Special Projects and Studies	35	40	45	13%
Training and Educational Activities	170	170	220	29%

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

INFORMATION SECURITY OVERSIGHT OFFICE

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $715,000 - For 15 permanent and total workyears.

12.1 Personnel Benefits - $101,000 - Includes $62,000 for direct contribution to retirement fund, $25,000 for health benefits, $2,000 for group life insurance, $10,000 for Medicare payments, and $2,000 for accident compensation.

13.0. Benefits for Former Personnel - $1,000 - Provides $1,000 for benefits due to former employees.

21.0 Travel and Transportation of Persons - $55,000 - Includes $55,000 for travel in connection with conducting on-site reviews of information security programs of executive branch agencies.

23.1 Rental Payments to GSA - $131,000 - Provides $131,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $24,000 - Includes $19,000 for local and intercity telephone service, and $5,000 for postage.

24.0 Printing and Reproduction - $137,000 - Provides $10,000 for copier reproduction, $15,000 for printing publications, and $12,000 for photographic services, and $100,000 for printing in the Federal Register.

25.0 Other Services - $22,000 - Includes $2,000 for training, $4,000 for security investigations, $16,000 for other commercial contracts.

26.0 Supplies and Material - $11,000 - Includes $9,000 for general operating and office supplies and $2,000 for reference publications.

31.0 Equipment - $2,000 - Includes $2,000 for office automation and administrative equipment.

NATIONAL SECURITY EMERGENCY PREPAREDNESS
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	-	$340	-	-	-	$50	-	$50	-	$50	-	
Prorated Service Direction	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	-	$340	-	-	-	$50	-	$50	-	$50	-	-

BACKGROUND

National Security Decision Directive (NSDD) 201 on National Security Emergency Preparedness (NSEP) telecommunications funding provides for the Department of Defense (DOD) to bill other National Communications System (NCS) members, including GSA, for a share of NCS operating costs beginning in FY 1988.

JUSTIFICATION

A. HIGHLIGHTS

In FY 1987, the DOD continued to fund national level NSEP telecommunications programs. For FY 1988 and beyond, other NCS members will share implementation and recurring costs with DOD. The method of determining each organization's share of such costs is based on a requirements analysis report. For FY 1991, GSA's share of the National Level Program (NLP) is $50,000.

B. EXPLANATION OF CHANGES, FY 1990 vs. 1991

Program Changes. Includes a increase of $50,000 for payments to Department of Defense for GSA's share of the Governmentwide funding of the National Communications System costs.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

	1989 Actual		1990 Program		1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Service Direction Distribution by Program:												
1. Federal Information Resources Management.....	2	$168	2	$175	2	$224	-	$49	-	$34	-	$15
2. External Information Services..................	9	660	9	689	9	883	-	194	-	133	-	61
3. Information Resources Procurement..............	3	260	4	288	4	369	-	81	-	56	-	25
4. GSA Information Systems..	7	510	7	518	7	663	-	145	-	100	-	45
5. Telecommunications Services..................	25	1,969	24	1,976	24	2,533	-	557	-	382	-	175
6. Information Security Oversight Office.........	-	-	-	-	-	-	-	-	-	-	-	-
7. National Security Emergency Preparedness...	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	46	$3,567	46	$3,646	46	$4,672	-	$1,026	-	$705	-	$321

BACKGROUND

Provides for the overall direction and coordination of comprehensive Governmentwide programs for the management, procurement, and utilization of automatic data processing, telecommunications, and office information equipment and services; development and coordination of Governmentwide policies, procedures and regulations pertaining to ADP, telecommunications, and office information systems acquisition, management and utilization; establishment of Governmentwide automated data processing standards and provision of information services to the public; and provides the overall management of operations financed through the IT Fund which is designed to provide specialized services to agencies in each of these fields.

JUSTIFICATION

A. HIGHLIGHTS

This activity, through the Offices of the Commissioner, the Controller, and Administration, plans and administers the programs of the Information Resources Management Service (IRMS) in developing overall objectives, long-range plans, comprehensive programs, and organization and operating methods necessary to accomplish established program objectives; and develops policy and provides coordinated staff services in the areas of management services, resource allocation, financial planning and administration, and budget formulation and execution.

SERVICE DIRECTION

The magnitude of programs supported is as follows:

Program Costs ($000)	1989	1990	1991
1. Operating Expenses, IRMS			
Direct	$31,712	$32,480	$39,268
Reimbursable	30,096	38,000	40,293
2. Information Technology Fund	969,720	1,354,113	1,334,976
Total Programs	$1,031,528	$1,424,593	$1,414,537
Service Direction	$3,567	$3,646	$4,672
Percent (%) Service Direction to Total Programs	.35%	.26%	.33%

B. EXPLANATION OF CHANGES, FY 1990 vs 1991

Program Changes. Includes an increase $705,000 for payment to General Management and Administration for centralized support services.

Other Changes. Includes increases of $225,000 for part year and annualized cost of pay raises, $58,000 for PMS/PMRS awards, $23,000 for the increase in FERS costs, $7,000 for the increase in RENT costs, $31,000 for inflation, and an offsetting decrease of $23,000 for other changes.

(The above changes are non-add and are included in the Explanation of Changes for each activity.)

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation and Staffing - $2,466,000 - For 46 permanent and total workyears.

12.1 Personnel Benefits - $391,000 - Includes $268,000 for direct contribution to the retirement fund, $86,000 for health benefits, $4,000 for group life insurance, $27,000 for Medicare payments, and $6,000 for accident compensation.

13.0 Benefits for Former Personnel - $4,000 - Provides $4,000 for benefits due to former employees.

21.0 Travel and Transportation of Persons - $75,000 - Includes $73,000 for travel in connection with regional administration, Central Office management activities and training, and $2,000 for motor pool.

23.1 Rental Payments to GSA - $279,000 - Provides $279,000 for payments to the Federal Buildings Fund for space.

23.3 Communications, Utilities and Misc. Chgs. - $145,000 - Includes $124,000 for local and intercity communications services, and $21,000 for postage.

24.0 Printing and Reproduction - $61,000 - Provides $25,000 for general use printing, $8,000 for printing publications, and $28,000 for copier reproduction and related distribution charges.

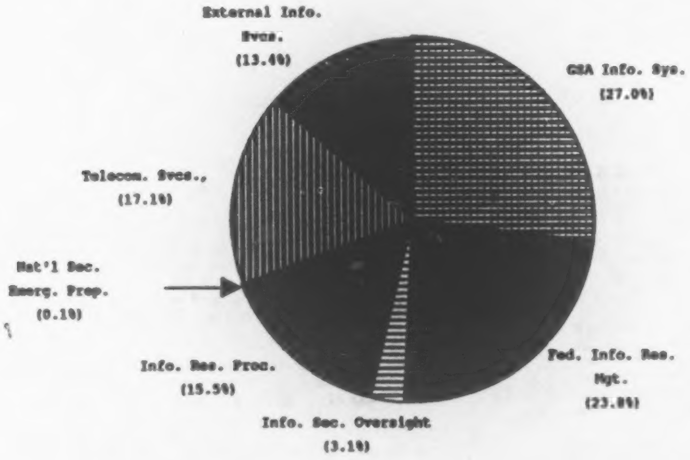
25.0 Other Services - $990,000 - Includes $36,000 for payments to commercial contractors for training, $40,000 in payments to other Government agencies for health services, security investigations and training, $35,000 in payments to FBF for reimbursable work authorizations, $85,000 for payments to commercial contractors for studies and other services, $4,000 in payments to the IT Fund for ADP services, $85,000 for equipment maintenance, and $705,000 for payments to General Management and Administration for centralized support services.

26.0 Supplies and Materials - $107,000 - Includes $74,000 for office supplies, $28,000 for general operating supplies, and $5,000 for periodicals and technical publications.

31.0 Equipment - $154,000 - Includes $154,000 for ADP, office automation and furniture and administrative equipment.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

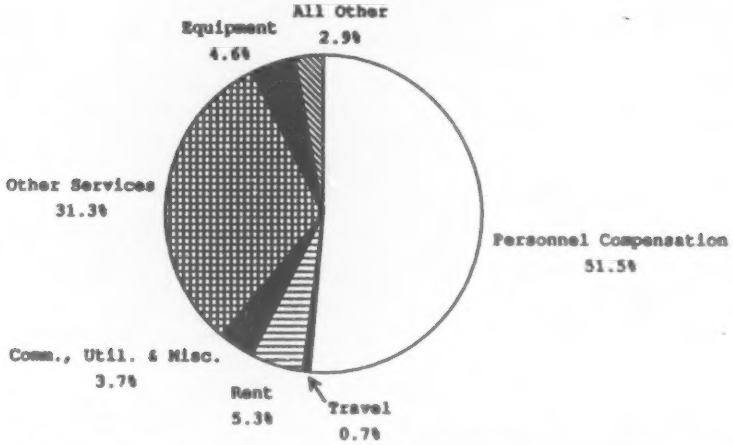
FY 1991
Obligations by Activity
Total — $39,268,000



Activity	Obligations	Percent
Fed. Inf. Resources Mgt.	$9,335,000	23.8%
External Information Services	$5,269,000	13.4%
Info. Resources Procurement	$6,067,000	15.5%
Telecommunications Services	$6,702,000	17.1%
GSA Information Systems	$10,646,000	27.0%
Info. Security Oversight Ofc.	$1,199,000	3.1%
National Sec. Emergency Prep.	$50,000	0.1%
Total	$39,268,000	100.0%

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FY 1991
Obligations by Category
Total — $39,268,000



Category	Obligations	Percent
Personnel Compensation	$20,221,000	51.5%
Travel	$277,000	0.7%
Rent	$2,094,000	5.3%
Communications, Utilities, & Misc.	$1,443,000	3.7%
Other Services	$12,278,000	31.3%
Equipment	$1,817,000	4.6%
All Other	$1,138,000	2.9%
TOTAL	$39,268,000	100.0%

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	1989 Actual	1990 Program	1991 Request	Increase/Decrease (-) for FY 1991 Total	Program	Other
Managerial..............................	15	15	15	-	-	-
Engineers..............................	1	1	1	-	-	-
Analysts..............................	156	128	123	-5	-5	-
Computer Specialists....................	60	60	60	-	-	-
Contract Specialists....................	57	57	57	-	-	-
Secretarial/Clerical....................	121	119	119	-	-	-
Sub-Total...........................	410	380	375	-5	-5	-
Part-time and Temporary Employment.....	1	1	1	-	-	-
Total..............................	411	381	376	-5	-5	-

GENERAL SERVICES ADMINISTRATION

INFORMATION RESOURCES MANAGEMENT SERVICE

OPERATING EXPENSES

For expenses authorized by law, not otherwise provided for, necessary for carrying out Governmentwide and internal responsibilities relating to automated data management, telecommunications, information resources management, and related activities, including services as authorized by 5 U.S.C. 3109; and for the Information Security Oversight Office established pursuant to Executive Order 12356; [$32,480,000] $39,268,000.

(Independent Agencies Appropriation Act, 1990.)

EXPLANATION OF CHANGES IN APPROPRIATION LANGUAGE

No appropriation language changes recommended for FY 1991.

INFORMATION RESOURCES MANAGEMENT SERVICE
Advances and Reimbursements

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
FY 1990 Level of Reimbursable Services....................	242	239	$38,000
FY 1991 Level of Reimbursable Services....................	242	239	40,293
Change from 1990 to 1991.................................	-	-	+$2,293

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Increase or Decrease (-) for 1991					
							Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Federal Information Resources Management...	-	$522	-	$653	-	$693	-	$40	-	$24	-	$16
2. External Information Services...............	-	29	-	56	-	57	-	1	-	-	-	1
3. GSA Information Systems	239	29,764	239	35,991	239	38,051	-	2,060	-	620	-	1,440
4. National Security Emergency Preparedness.	-	681	-	1,300	-	1,492	-	192	-	192	-	-
Total Reimbursable	239	$30,996	239	$38,000	239	$40,293	-	$2,293	-	$836	-	$1,457
Permanent Positions	241		242		242		-		-		-	

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

The Information Resources Management Service reimbursable program is estimated at $40,293,000 and 239 full-time equivalent (FTE) workyears for FY 1991. This is an increase of $2,293,000 from the FY 1990 level. The increase in funding requirements from FY 1990 consists of $783,000 for inflation, $83,000 for the full year impact of the FY 1990 pay raise, $268,000 for the FY 1991 pay raise, $159,000 for PMB/PMRS awards, $70,000 for RENT, $94,000 for increased cost of the Federal Employees Retirement System (FERS), $24,000 for growth in the Trail Boss Program, $192,000 for increased support of the National Security Emergency Preparedness Program, and $620,000 for an increase in user requirements in the Shared Information Processing, Data Communications and Networking Resources Program.

SUMMARY EXPLANATION OF CHANGES FROM FISCAL YEAR 1990 TO 1991

(Dollars in Thousands)

	Federal Information Resources Management		External Information Services		GSA Information Systems		National Security Emergency Preparedness		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
PROGRAM CHANGES:										
A. Increased User Requirements...	-	-	-	-	-	$620	-	-	-	$620
B. Program Growth in FIRM........	-	$24	-	-	-	-	-	-	-	24
C. NSEP Growth..................	-	-	-	-	-	-	-	$192	-	192
TOTAL, PROGRAM CHANGES..........	-	$24	-	-	-	$620	-	$192	-	$836
OTHER CHANGES:										
A. Impact of Inflation.....	-	$16	-	$1	-	$766	-	-	-	$783
B. RENT Increase.................	-	-	-	-	-	70	-	-	-	70
C. PMS/PMRS awards...............	-	-	-	-	-	159	-	-	-	159
D. Part year and annualized cost of pay raise............	-	-	-	-	-	351	-	-	-	351
E. Increased cost of the Federal Employees Retirement System...	-	-	-	-	-	94	-	-	-	94
TOTAL, OTHER CHANGES............	-	$16	-	$1	-	$1,440	-	-	-	$1,457
TOTAL CHANGES, 1990 to 1991	-	$40	-	$1	-	$2,060	-	$192	-	$2,293

BACKGROUND

Section 610 of the Economy Act of 1932, as amended, provides basic authority for reimbursable services to be performed by Government agencies. The Information Resources Management Service (IRMS) contains eight reimbursable programs.

FEDERAL INFORMATION RESOURCES MANAGEMENT

The Office of Federal Information Resources Management has four reimbursable programs:

Agency Liaison Officer Program - The Agency Liaison Officer (ALO) Program is designed to enhance agencies' understanding of technological alternatives and regulatory requirements, and to promote more effective acquisition and application of information technology through such major programs as Go-For-12 and Trail Boss. The FY 1991 reimbursable travel requirements for the ALO program are estimated at $12,000. This program level will allow IRMS personnel to provide guidance and assistance to those agencies implementing Governmentwide policies.

Trail Boss Program - The Trail Boss program is an outgrowth of the Go-For-12 Study effort wherein the assignment of a single acquisition manager with responsibility and accountability for all aspects of the acquisition will substantially improve the information technology acquisition process. The FY 1991 request of $440,000 will provide reimbursable funding to carry out four Trail Boss Training Seminars. These two week seminars target future Trail Bosses and provide an intensive educational experience which covers business behavior, the acquisition process, and post-process issues. The Trail Boss Training Program is also responsible for the development of the Trail Boss Interagency Committee. The Committee meets monthly to allow a network of Trail Bosses to exchange critical information on the management of information technology acquisitions.

Information Resources Management Conference (IRMCO)- The Information Resources Management Conference covers the broad IRM policy and technology spectrum of ADP, telecommunications and records management. The FY 1991 request of $155,000 will provide funding for the 30th annual IRM Conference. For the past four years, over 300 senior-level Federal information executives have come to learn about new developments and to discuss various IRM issues with their colleagues.

Information Systems Workforce Conference - This annual conference trains Federal information resources and personnel managers in the recruitment and retention of staff members in the data processing and telecommunications field. The FY 1991 request of $86,000 will provide funding for the fourth annual conference. This conference provides personnel managers and information resources managers the opportunity to discuss the challenges and identify the solutions to the IRM workforce problem that currently exists.

EXTERNAL INFORMATION SERVICES

External Information Services has two reimbursable programs, the Federal Equipment Data Center and the Federal Domestic Assistance Catalog Staff. These programs currently provide reimbursable services to the public and private sector. Legislation is being proposed in our FY 1991 Appropriation Bill to permit this fund to retain income from the private sector.

Federal Equipment Data Center - The Federal Equipment Data Center (FEDC) operates an Automatic Data Processing Equipment Data System consisting of a Governmentwide inventory of general purpose data processing equipment. Federal agencies must report summary data semiannually on computer systems, central processors, peripheral equipment, storage devices, and related control and system input/output devices. The Center utilizes its data base to design and produce special computer reports on a reimbursable basis to accommodate the public and private sectors requirements. Reimbursable income is estimated at $20,000 for FY 1991.

Federal Domestic Assistance Catalog Staff - The Federal Program Information Act (P.L. 95-220 as amended by P.L. 98-169) requires GSA to publish the Catalog of Federal Domestic Assistance, the Formula Report to Congress, and to update and maintain the Federal Assistance Program Retrieval System (FAPRS). The staff develops, on a reimbursable basis, special reports for those seeking information in FAPRS and the Catalog. Reimbursable income is estimated at $37,000 for FY 1991.

BACKGROUND

OFFICE OF GSA INFORMATION SYSTEMS

GSA Information Systems - The Office of GSA Information Systems provides on a reimbursable basis information processing, data communications, networking, and end user technical support services for all GSA organizations which do not maintain full-time ADP staffs. Consistent with OMB Circular A-130, a "chargeback" system has been implemented which recovers costs for these resources and services. The cost of the Shared Information Processing, Data Communications and Networking Resources Program in FY 1991 is estimated to be $38,051,000. These costs include such items as hardware, software, supplies, personnel, space charges, and contract services such as page printing and microfiche preparation. Unique charges are billed to individual users where the service is solely for that user, such as dedicated circuits or special form paper stock.

NATIONAL SECURITY EMERGENCY PREPAREDNESS

National Security Emergency Preparedness - Provides a flow-through funding mechanism for GSA services and staff offices to provide support for GSA's National Security Emergency Preparedness Program. Program support costs are estimated at $1,492,000 for FY 1991. This program provides GSA-wide planning and implementation activities in support of Federal agencies in their emergency and major disaster programs.

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 **Personnel Compensation - $8,861,000** - Provides for 239 workyears.

12.1 **Personnel Benefits - $1,535,000** - Includes $906,000 for retirement costs, $414,000 for health benefits, $46,000 for medicare, $92,000 for life insurance, $46,000 for accident compensation, and $31,000 for moving allowances.

13.0 **Benefits for Former Personnel - $22,000** - Provides funds for unemployment compensation and other costs associated with benefits for former personnel.

21.0 **Travel and Transportation of Persons - $1,042,000** - Provides for program related travel requirements.

22.0 **Transportation of Things - $12,000** - Provides for the transportation of household goods or material and equipment.

23.1 **Rental Payments to GSA - $2,976,000** - Provides $2,976,000 for payments to the Federal Buildings Fund for controlled environment computer space for the Office of GSA Information Systems.

23.3 **Communications, Utilities and Misc. Charges - $6,283,000** - Includes $2,450,000 for data communications, $1,697,000 for extra shift utilities, $1,131,000 for rental of equipment, $1,005,000 for common distributable costs and miscellaneous costs.

24.0 **Printing and Reproduction - $280,000** - Provides for general use printing and copying of reports generated.

25.0 **Other Services - $14,328,000** - Includes $4,878,000 for contract services, $7,958,000 for equipment lease and maintenance, and $1,492,000 for payments to the IT Fund for National Security Emergency Preparedness.

26.0 **Supplies and Materials - $2,189,000** - Includes $985,000 for general operating supplies, $679,000 for special forms, and $525,000 for other supplies.

31.0 **Equipment - $2,765,000** - Includes $2,765,000 for continuing replacement and upgrade of ISOO equipment including Honeywell, Unisys, and associated Data Communications. Also includes funds for continuing replacement of administrative equipment, operating equipment, and C3 office automation equipment.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

WORKLOAD FACTORS

	1989 Actual	1990 Program	1991 Request	% Change
Office of GSA Information Systems				
GSA Internal Shared Computer Resources				
1. Unisys A15 Job Steps (000)...............	2,300	2,460	2,633	7.0%
2. Network Connected Capacity (Total Connect Baud) (000)..............	3,600	4,500	6,000	33.3%
3. On-Line Network Devices..................	2,725	3,300	4,100	24.2%
4. Honeywell Job Steps (000)................	3,500	4,000	4,280	7.0%
5. On-line Interactive Minutes (000)........	11,000	12,000	13,200	10.0%
6. Honeywell Memory Use (millions of seconds)...................	115,000	136,000	161,000	18.4%
7. Honeywell Data Storage (billions of characters).................	52	62	72	16.1%

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	1989 Actual	1990 Program	1991 Request	Increase or Decrease (-) for FY 1991		
				Total	Program	Other
Specialists.........................	98	98	98	-	-	-
Computer Operations.................	108	108	108	-	-	-
Analysts............................	12	12	12	-	-	-
Secretarial/Clerical................	19	19	19	-	-	-
Subtotal...........................	237	237	237	-	-	-
Part-Time and Temporary Employment..	2	2	2	-	-	-
Total.........................	239	239	239	-	-	-

INFORMATION RESOURCES MANAGEMENT SERVICE
Information Technology Fund

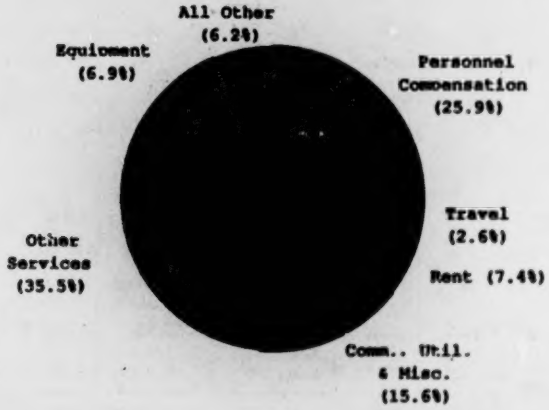
ANALYSIS OF AUTHORIZED LEVELS FOR FISCAL YEAR 1991
(Dollars in Thousands)

	FY 1989 Actual	Change 89 vs 90	FY 1990 Program	Change 1990 to 1991	FY 1991 Request
A. Income/Cost Comparison - Summary					
1. Total Sources of Funding:					
Income..........................	$980,421	$58,611	$1,039,032	-$79,954	$959,078
Reserve.........................	-	$7,655	87,655	-37,997	49,658
2. Total Expenses......................	882,369	228,774	1,111,143	-108,515	1,002,628
3. Profit/(Loss).......................	$98,052	-$82,508	$15,544	-$9,436	$6,108
B. Net Outlays............................	-131,358	203,469	72,111	- 28,561	43,550

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	Obligations						Increase or Decrease (-) for 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Operations												
a. Intercity Services...	203	$410,722	336	$619,576	246	$527,565	-90	-$92,011	-90	-94,373	-	2,362
b. Local telecommunications services.............	659	213,386	667	262,492	667	273,077	-	10,585	-	7,755	-	2,830
c. Information security management programs..	285	21,537	265	23,193	265	24,822	-	1,629	-	202	-	1,427
d. National security emergency preparedness programs.............	17	983	17	1,881	17	2,375	-	494	-	303	-	191
e. Multiple award schedules program....	26	37,785	26	37,630	26	38,222	-	592	-	320	-	272
f. Federal data processing centers program..	168	71,488	178	84,387	178	97,504	-	13,117	-	11,805	-	1,312
g. Contract services program..............	231	197,212	235	309,986	235	356,426	-	46,440	-	44,005	-	2,435
h. Equipment lease program..............	1	1,806	1	1,968	1	1,985	-	17	-	10	-	7
i. Excess ADP equipment program..............	2	116	-	-	-	-	-	-	-	-	-	-
Total Operations........	1,592	$955,035	1,725	$1,341,113	1,635	$1,321,976	-90	-$19,137	-90	-29,973	-	10,836
2. Capital investments.....	-	$14,685	-	$13,000	-	$13,000	-	-	-	-	-	-
Total Obligations........	1,592	$969,720	1,725	$1,354,113	1,635	$1,334,976	-90	-$19,137	-90	-29,973	-	10,836
Permanent Positions Established (Total)	1,648		1,725		1,635		-90		-90		-	

FY 1991
Obligations by Category
Total — $40,293,000



Category	Obligations	Percent
Personnel Compensation	$10,418,000	25.9%
Travel	$1,042,000	2.6%
Rent	$2,976,000	7.4%
Communications, Utilities, & Misc.	$6,283,000	15.6%
Other Services	$14,328,000	35.5%
Equipment	$2,765,000	6.9%
All Other	$2,481,000	6.2%
Total	$40,293,000	100.0%

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

BACKGROUND

The Information Technology (IT) Fund was authorized by the Paperwork Reduction Reauthorization Act of 1986, as included in Public Laws 99-500 and 99-591, section 821(a)(1). The IT Fund was established as of January 1, 1987, and consists of the assets, liabilities and capital of the Federal Telecommunications Fund and the Automatic Data Processing Fund on that date. The purpose of the IT Fund is to help ensure that automatic data processing, telecommunications, and other information technologies are acquired and used by the Federal Government in a manner which improves service delivery and program management, increases productivity, improves the quality of decisionmaking, reduces waste and fraud, and wherever practicable and appropriate, reduces the information processing burden for the Federal Government and for persons who provide information to and for the Federal Government.

The IT Fund is available for expenses and for procurement to efficiently provide information technology resources to Federal agencies and for the efficient management, coordination, operation and utilization of such resources. Levels of funding for capital investment and for operating capital are determined through the submission and approval of planned cost and capital requirements to OMB by GSA pursuant to section 110(a)(1), Federal Property and Administrative Services Act of 1949, as amended by Public Law 99-591. In accordance with the approved plan, the equity of the Fund has increased by $188.1 million as a result of operations through FY 1989.

BUDGET PROGRAM

The estimate provides for a continued increase in the volume and quality of services provided to executive agencies of the Government. Total sales for fiscal year 1989 were $980.4 million and are estimated at $1,039 million for FY 1990, and at $959.1 million for FY 1991.

The IT Fund finances, on a reimbursable basis, the following Governmentwide information resources management assistance programs:

1. Operations

a. Intercity Services: This program provides for the Federal Telecommunications System (FTS) which enables personnel in each Federal agency to communicate directly with any other agency or commercial entity in the nation. The system provides day-to-day services and incorporates features which would be necessary in emergency situations. The current Federal Telecommunications System (FTS) links 1.1 million Federal telephones with each other and with the public's direct dialing network. Specific activities include updating services through network reconfigurations, switch upgrades, and conversion to digital facilities. The FTS system is being replaced by FTS 2000 which provides the Government with state-of-the-art switched voice service, switched data service, dedicated transmission service, packet switched service, and switched digital integrated service. Cutover from FTS to FTS 2000 began in October 1989 and is scheduled to be completed in July 1990. While the transition process will result in high conversion costs of a nonrecurring nature during FY 1990, costs will decline in FY 1991 as the more cost efficient FTS 2000 program is fully implemented. Requirements are projected to increase obligations from $410.7 million in FY 1989 to $619.6 million in FY 1990 and decrease to $527.6 million in FY 1991.

b. Local Telecommunications Services: Included in these programs is the provision of local telecommunications services to executive agencies. Their objective is to operate consolidated telephone systems that provide effective and economical local service and, through competitive processes, procure cost advantageous telephone services and equipment. This includes the program areas of commercial tolls, Telecommunications Technical Services Contracts (TTSC), and the Purchase of Telephones and Services (POTS) contracts. Also of critical importance is the Washington Interagency Telecommunications System (WITS) that will replace a selected portion of the Federal community telephone systems in long-term leased and federally owned buildings in the Washington, D.C., metropolitan area with one integrated voice and data transmission facility. In addition, the Aggregated Switch Procurement (ASP) program will consolidate systems into a single procurement action which is designed to achieve economies of scale and cost stability for systems in major metropolitan areas that are located in government-owned and long-term leased space. The ASP will replace existing systems with the latest state-of-the-art technology, as well as competed systems whose contracts have expired. Obligations are projected to increase from $213.4 million in FY 1989 to $262.5 million in FY 1990 and to $273.1 million in FY 1991.

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES
(continued)

c. Information Security Management Programs: These programs provide worldwide support to all Government activities, including GSA, conducting sensitive and classified operation in consonance with the objectives of the U.S. Communications Security Plan. To meet this responsibility, the programs provide the full range of support services for communication security (COMSEC) and related systems that provide secure voice and data communications to Federal, Civilian and selected Department of Defense activities. Obligations are projected to increase from $21.5 million in FY 1989 to $23.2 million in FY 1990 and to $24.8 million in FY 1991.

d. National Security Emergency Preparedness (NSEP) Programs: These programs ensure that GSA supports Governmentwide national security and domestic emergency plans and that the critical logistical and telecommunications needs of the Government are available during local, national and international crises. In addition, these programs provide logistical and telecommunications support to the Federal Emergency Management Agency and other agencies in the emergency and major disaster programs. Obligations are projected to increase from $1.0 million in FY 1989 to $1.9 million in FY 1990 and to $2.4 million in FY 1991.

e. Multiple Award Schedules Program: This program provides the contractual vehicle for Federal agencies to acquire services from private sector vendors participating in certain GSA multiple award schedule contracts. This program is designed to simplify and expedite the procurement process for services by allowing agencies to purchase against existing GSA multiple award schedule contracts. Obligations are projected to decrease from $37.8 million in FY 1989 to $37.6 million in FY 1990 and increase to $38.2 million in FY 1991.

f. Federal Data Processing Centers (FDPC): The Centers provide GSA's Governmentwide information resources assistance programs in the areas of software, hardware, data communications, office automation, acquisition support, and planning services; and in the collection and dissemination of Governmentwide data. They provide technical assistance in the efficient and effective management and use of information resources and serve as sources of expertise for information resources management and technology for the Government. Additionally, they provide tools, techniques, handbooks, and assistance to facilitate the exchange of experience and knowledge throughout the Government. Obligations are projected to increase from $71.5 million in FY 1989 to $84.4 million FY 1990 and to $97.5 million in FY 1991.

g. Contract Services Program (CSP): CSP provides ADP support services to Federal agencies through regional contracts with private sector vendors. Services provided include systems analysis and programming, systems design and definition of systems requirements, and ADP facility operation services. Contracts are tailored to local market conditions and needs of Federal agencies. Overall contract administration, technical assistance, central guidance, and policy direction are provided by GSA. Obligations are projected to increase from $197.2 million in FY 1989 to $310 million in FY 1990 and to $356.4 million in FY 1991.

h. Equipment Lease Program: This program finances the multiyear lease of ADP equipment by the IT Fund for subsequent leaseback to Federal agencies and administers the leaseback of ADP equipment purchased by the Fund. Obligations are projected to increase from $1.8 million in FY 1989 to $2 million in FY 1990 and FY 1991.

i. Excess ADP Equipment Program: This program finances the screening of excess Government-owned ADP equipment and, where there is a known user or high potential for reutilization, reassigns and relocates the equipment with a new user. Program policy increasing the threshold for screening excess ADP equipment to $1 million per component has significantly reduced the scope of this program; therefore, oversight responsibility was transferred to Operating Expenses (OE), IRMS.

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES
(continued)

2. Capital Investment: Provides for the purchase of information technology equipment where an initial capital outlay will result in the most efficient and cost effective operation of the Federal Telecommunications System and the least cost provision of services and facilities to Federal user agencies. It also provides for the purchase of other information technology equipment for the Fund's programs when purchase yields the maximum cost avoidance and is clearly in the best economic interest of the Government. The purchase of personal computers and augmentations to existing operating equipment is funded as appropriate. Obligations are projected to decrease from $14.7 million in FY 1989 to $13 million in FY 1990 and FY 1991.

INFORMATION RESOURCES MANAGEMENT SERVICE
Information Technology Fund

SUMMARY EXPLANATION OF CHANGES FROM FISCAL YEAR 1990 to 1991

(Dollars in Thousands)

	Intercity Services		Local Telecom Services	Information Security Management Programs	National Security Emergency Prepared. Programs	Multiple Award Schedules Program	Federal Data Process. Centers Program	Contract Services Program	Equip. Lease Program	Totals	
	W/ YRS	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	W/ YRS	Amount
PROGRAM CHANGES:											
A. Net increase/decrease in customer requirements and/or contractor payments	-	-223,605	6,038	-	247	121	10,336	42,130	-	-	-164,733
B. Net increase/decrease in program costs	-90	2,240	-	-	-	-	101	74	-	-90	2,415
C. Increase in new service offered by FTS2000 such as voice for other than current users, data and video	-	125,000	-	-	-	-	-	-	-	-	125,000
D. Reduction due to consolidation/centralization of like functions	-	-	-	-624	-	-	-	-	-	-	-624
E. Payments to General Management and Administration for centralized support services	-	1,992	1,717	826	56	199	1,360	1,801	10	-	7,969
TOTAL PROGRAM CHANGES	-90	-94,373	7,755	202	303	320	11,805	44,005	10	-90	-29,973
OTHER CHANGES:											
A. Economic adjustments	-	446	907	268	15	140	339	1,157	7	-	3,279
B. Pay adjustments	-	1,809	1,800	1,081	169	117	860	1,103	-	-	6,939
C. FERS recalculation	-	107	123	78	7	15	113	175	-	-	618
TOTAL OTHER CHANGES	-	2,362	2,830	1,427	191	272	1,312	2,435	7	-	10,836
TOTAL CHANGES 1990 TO 1991	-90	-92,011	10,585	1,629	494	592	13,117	46,440	17	-90	-19,137

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation - $75,235,000 - Supports 1,635 total workyears.

12.1 Employee Benefits - $14,770,000 - Includes $8,050,000 for retirement; $2,511,000 for health benefits; $576,000 for group life insurance; $1,920,000 for moving allowances; $1,123,000 for medicare; and payments of $590,000 to the Department of Labor for Federal Employees Compensation Fund.

13.0 Benefits for Former Personnel - $1,431,000 - Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $5,663,000 - Includes $5,370,000 for travel in connection with program activities, meetings and training. $293,000 is included for motor pool travel.

22.0 Transportation of Things - $1,726,000 - For transportation of ADP equipment, air express, and for transportation of household goods in connection with permanent change of station.

23.1 Rental Payments to GSA - $9,396,000 - Provides for payments to the Federal Buildings Fund for space.

23.2 Rental Payments to Others - $794,000 - Provides for payments to sources other than GSA for space.

23.3 Communications/utilities and misc. charges - $10,186,000 - Includes $2,210,000 for the maintenance and lease of equipment; $10,000 for teletype and telegraph services; $5,908,000 for communications; $2,007,000 for postage and related fees; and $51,000 for data transmission.

24.0 Printing and Reproduction - $1,966,000 - Provides $1,223,000 for printing of publications, forms, and solicitations and bids; $554,000 for copier reproduction; and $189,000 for printing materials related to meetings, conferences and other activities.

25.0 Other Services - $1,176,414,000 - Includes $1,158,581,000 for payments to commercial contractors for services provided through the program activities of the IT Fund, $8,377,000 for payments to General Management and Administration for centralized support services, and $9,456,000 for other costs, such as payments to other GSA funds and other Government agencies for goods and services, operation of health units, security clearances, training, and other common use services.

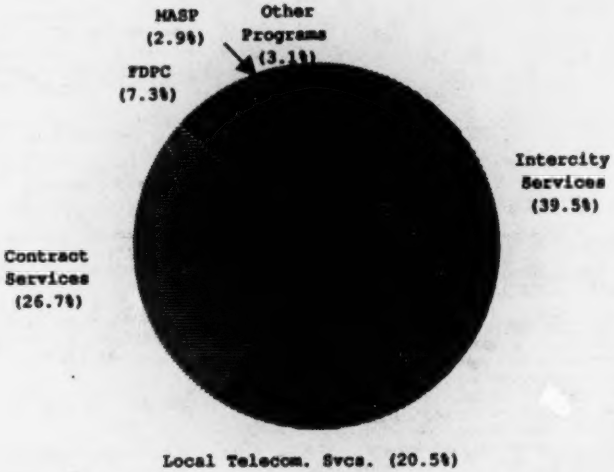
26.0 Supplies and Materials - $2,834,000 - For office supplies, operating supplies, technical publications, etc.

31.0 Equipment - $31,113,000 - For purchase of equipment.

43.0 Interest and Dividends - $3,448,000 - For interest payments.

INFORMATION RESOURCES MANAGEMENT SERVICE
INFORATION TECHNOLOGY FUND

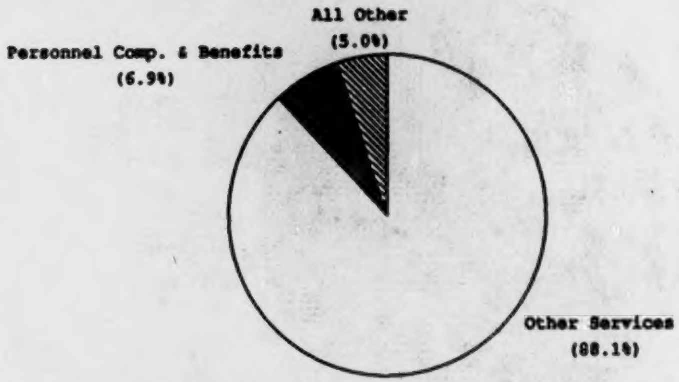
FY 1991
Obligations by Activity
Total — $1,334,976,000



Category	Obligations	Percent
Intercity Services	$527,565,000	39.5%
Local Telecommunications Services	$273,077,000	20.5%
Contract Services	$356,426,000	26.7%
Federal Data Processing Centers	$97,504,000	7.3%
Multiple Awards Schedules	$38,222,000	2.9%
Other Programs	$42,182,000	3.1%
Total	$1,334,976,000	100.0%

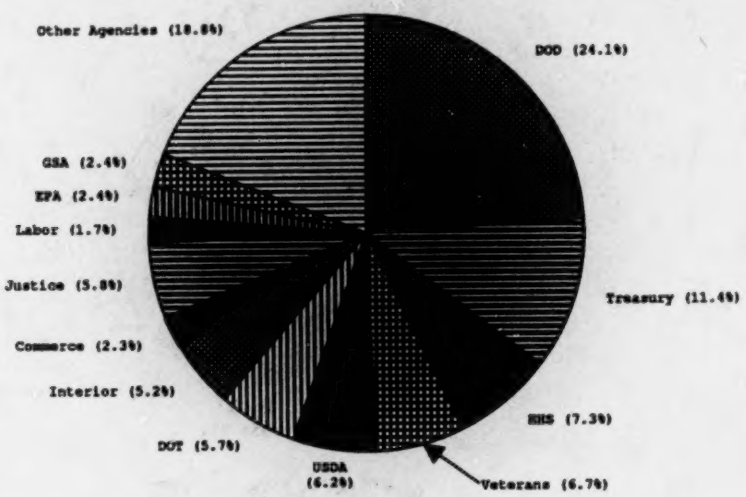
INFORMATION RESOURCES MANAGEMENT SERVICE
INFORMATION TECHNOLOGY FUND

FY 1991
Obligations by Category
Total — $1,334,976,000



Category	Obligations	Percent
Other Services	$1,176,414,000	88.1%
Personnel Compensation & Benefits	$91,436,000	6.9%
All Other	$67,126,000	5.0%
TOTAL	$1,334,976,000	100.0%

Major Customers of the Information Technology Fund by their Percentage of Total FY 1989 Sales



**Total IT Fund Sales
$980,421,000**

INFORMATION RESOURCES MANAGEMENT SERVICE
Information Technology Fund

SELECTED WORKLOAD DATA

	1989 Actual	1990 Program	1991 Request	% Change
1. **Intercity Services**				
a. Number of FTS calls (millions)	310	310	310*	-
b. Number of FTS call minutes (millions)	1,404	1,404	1,404*	-
c. Number of circuits managed for FTS	51,000	51,000	0	-100
d. Number of switches	58	58	0	-100
2. **Local Telecommunications Services**				
a. Number of telephone lines (Local Service only)	473,021	491,170	495,000	.8
b. Number of full service systems	323	290	250	-13.8
c. Competitively replaced purchased and leased main station lines	99,187	100,000	120,000	20.0
d. Telecommunications Technical Services Contract. Volume of Business ($000)	2,500	10,000	10,000	-
3. **Multiple Award Schedules Program**				
(1) Number of single billing MASCs awarded	38	38	33	-13.2
(2) Net payments to contractors ($000)	36,738	30,000	25,000	-16.7
(3) Contract administration				
(a) Number of subscribers	1,048	1,400	1,000	-28.6
(b) Number of current year contracts administered	20	25	23	-8.0
(c) Number of prior year contracts	34	72	70	-6.7
4. **Federal Data Processing Centers (FDPC)**				
a. Software and Information Technology				
(1) Sales ($000)	47,095	50,000	55,000	10.0
(2) Productivity	75%	75%	75%	-
(3) Contract Awards ($000)	33,600	35,000	40,000	14.3
b. FEDSIM				
(1) Sales ($000)	37,970	40,000	45,000	12.5
(2) Productivity	75%	75%	75%	-
(3) Contract Awards ($000)	23,194	25,000	30,000	20.0
c. Federal Procurement Data Center				
(1) Number of procurement reports received (value over $25,000)	500	1,000	1,200	20.0
(2) Number of special reports processed	650	675	700	3.7
(3) Number of published reports processed	2	1	4	300.0

*Estimate is based on the current user level and would significantly increase if new users are brought onto the networks.

SELECTED WORKLOAD DATA
(Continued)

	1989 Actual	1990 Program	1991 Request	% Change
5. Contract Services Program				
a. Number of contracts	15	18	18	-
b. Volume of business ($000)				
(1) ADP Business Applications	80,059	84,180	90,650	7.7
(2) ADP Facility Operations	54,585	47,580	40,700	-14.5
(3) ADP Software Definition/Design	25,473	27,450	27,750	1.1
(4) ADP Scientific/Engineering Applications	20,015	20,130	20,350	1.1
(5) Computer Security	1,819	3,660	5,550	51.6
TOTAL	181,951	183,000	185,000	1.1
6. Equipment Lease Program				
Total active leases	1	1	1	-
7. Excess ADP Equipment Program *				
a. Reports of Excess ADPE Processed	-	-		-
b. Equipment Transfers Processed	-	-	-	-
c. Value of ADPE transferred ($000)	-	-		-

*Program policy increasing the threshold for screening excess ADPE to $1 million per component has significantly reduced the scope of this program, therefore responsibility was transferred to OE, IRMS.

WEDNESDAY, FEBRUARY 21, 1990.

OFFICE OF INSPECTOR GENERAL

WITNESSES

WILLIAM R. BARTON, INSPECTOR GENERAL
SUSAN M. GAFFNEY, DEPUTY INSPECTOR GENERAL

Mr. ROYBAL. The committee will now hear from the Office of Inspector General and I ask you, Mr. Inspector General, to proceed in any manner that you desire.

Mr. BARTON. All right. Thank you very much, Mr. Chairman.

I have a statement for the record and with your permission I have a short one that I will try to read.

Mr. ROYBAL. Your entire statement will be included in the record at this point and you may proceed.

[The information follows:]

STATEMENT OF WILLIAM R. BARTON
INSPECTOR GENERAL, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

IT GIVES ME GREAT PLEASURE TO HAVE THE OPPORTUNITY TO APPEAR BEFORE THE SUBCOMMITTEE TODAY TO PRESENT THE FISCAL YEAR (FY) 1991 REQUEST FOR THE OFFICE OF INSPECTOR GENERAL (OIG), GENERAL SERVICES ADMINISTRATION. ACCOMPANYING ME TODAY IS MS. SUSAN GAFFNEY, DEPUTY INSPECTOR GENERAL.

THE GENERAL SERVICES ADMINISTRATION IS RESPONSIBLE FOR PROVIDING MOST OF THE GOVERNMENT WITH ESSENTIAL OFFICE SPACE, AND WITH EQUIPMENT, SERVICES AND SUPPLIES. UNDER ANY DEFINITION, THIS IS "BIG BUSINESS". THE ANNUAL VALUE OF THE OPERATIONAL COSTS ASSOCIATED WITH GSA'S PROGRAMS EXCEEDS EIGHT (8) BILLION DOLLARS. MUCH OF THIS ANNUAL VALUE IS TRANSPARENT TO THE APPROPRIATION PROCESS, AS IT FUNNELS THROUGH VARIOUS REIMBURSABLE VEHICLES SUCH AS REVOLVING FUNDS AND INDUSTRIAL TYPE FUNDS. THE OIG CONSTITUTES THE PRIMARY MEANS OF OVERSIGHT AND REVIEW RELATING TO THE APPROPRIATE AND LAWFUL ADMINISTRATION OF THE PROGRAMS SUPPORTED BY THESE FUNDS. WE ALSO PLAY A MAJOR ROLE IN ASSESSING THE INTEGRITY OF THE FUNDING MECHANISMS THEMSELVES. IN ESSENCE, WE CONSTITUTE THE PRIMARY FOCUS WITHIN THE AGENCY FOR THE IDENTIFICATION AND PREVENTION OF FRAUD, WASTE, AND MISMANAGEMENT.

WE ARE ALSO DEEPLY INVOLVED IN ASSISTING THE AGENCY IN THE IMPROVEMENT OF PROGRAM MANAGEMENT THROUGH OUR AUDIT ACTIVITIES AND REPORTS, PROACTIVE INVESTIGATIONS, AND SPECIALIZED ANALYTICAL STUDIES. THE OIG FUNDING WHICH PROVIDES FOR THESE PROGRAMS IN FISCAL YEAR 1991 WILL TOTAL $30+ MILLION, WHICH, BY THE WAY, IS LESS THAN 4/10THS OF ONE PERCENT OF THE VALUE OF GSA'S PROGRAMS. YOU MAY ASK, "WHAT DO WE GET FOR OUR INVESTMENT?". IN OUR MOST RECENT SEMIANNUAL REPORT TO THE CONGRESS, WE REPORTED THE FOLLOWING RESULTS FOR FISCAL YEAR 1989:

- 904 AUDIT REPORTS
- 398 INVESTIGATIVE CASES CLOSED
- $221 MILLION IN MANAGEMENT DECISIONS TO PUT FUNDS TO BETTER USE
- $15 MILLION IN MANAGEMENT DECISIONS TO RECOVER FUNDS, VOLUNTARY RECOVERIES, AND COURT-ORDERED AND INVESTIGATIVE RECOVERIES
- 51 CASE REFERRALS ACCEPTED FOR CRIMINAL PROSECUTION AND 11 CASE REFERRALS ACCEPTED FOR CIVIL LITIGATION
- 43 INDICTMENTS/INFORMATIONS/COMPLAINTS ON CRIMINAL REFERRALS
- 47 SUCCESSFUL CRIMINAL PROSECUTIONS

- 38 CONTRACTOR SUSPENSIONS AND 66 CONTRACTOR DEBARMENTS
- 10 CIVIL COMPLAINTS AND 6 CIVIL SETTLEMENTS/JUDGMENTS
- 46 GSA EMPLOYEE REPRIMANDS/SUSPENSIONS/TERMINATIONS

FOR THE TEN YEARS DURING WHICH THE OIG HAS MAINTAINED SEMIANNUAL REPORT INFORMATION, THE ACTIVITIES OF THE OIG HAVE RESULTED IN AN AVERAGE ANNUAL RETURN ON INVESTMENT OF APPROXIMATELY SEVEN (7) FOR ONE (1). RESTATED, THE TEN-YEAR MEASURED RESULTS OF THE WORK OF THE OIG IS: FOR EVERY DOLLAR APPROPRIATED TO THE OIG WE RETURN VALUES OF SEVEN DOLLARS TO THE TAXPAYER, EITHER IN COST REDUCTIONS OR IN RECOVERIES. LADIES AND GENTLEMEN, I SUBMIT THAT THESE STATISTICS DRAMATICALLY DEMONSTRATE THE VALUE OF THE OIG AT GSA, AND STAND AS A TESTIMONY TO THE DEDICATION AND EFFECTIVENESS OR OUR EMPLOYEES AND PROGRAMS.

WE BELIEVE THAT OUR PROGRAMS ARE ONLY NOW BEGINNING TO SHOW THEIR TRUE VALUE. SEVERAL YEARS AGO WE UNDERTOOK AN EXTENSIVE ENTRY-LEVEL RECRUITMENT PROGRAM FOR OUR AUDIT AND INVESTIGATIONS PROGRAMS. OVER THE NEXT SEVERAL YEARS WE VESTED THESE EMPLOYEES WITH APPROPRIATE TRAINING AND, AS FUNDS PERMITTED, WITH TECHNOLOGICALLY ADVANCED EQUIPMENT. NEVERTHELESS, THE EFFECTS OF ACROSS-THE-BOARD FUNDING REDUCTIONS HAVE SOMEWHAT DIMINISHED OUR ABILITY TO PROVIDE OUR EMPLOYEES AND MANAGERS WITH ADP SUPPORT AND EQUIPMENT AT THE LEVELS THAT OUR STUDIES AND ANALYSES HAVE IDENTIFIED AS OPTIMUM AND NECESSARY. IN PART, THIS REQUEST RECTIFIES THESE DISPARITIES. IT ALSO PROVIDES FOR A STAFFING INCREASE OF TEN (10) FULL-TIME EQUIVALENT (FTE) POSITIONS, AND MEETS INFLATION SCHEDULES.

OUR TOTAL 1991 REQUEST OF $30,139,000 IS $4,003,000 MORE THAN OUR APPROVED 1990 LEVEL. FOR THE FIRST TIME, APPROXIMATELY $1,000,000 DIRECTLY RELATED TO FUNDING THE COSTS OF GSA CENTRALIZED SUPPORT SERVICES (ESPECIALLY THE OFFICE OF FINANCE) IS CONTAINED IN THIS ACCOUNT. THE TOTAL INCREASE BREAKS DOWN AS FOLLOWS:

- PROGRAM INCREASES OF $379,000 FOR AN ADDITIONAL 10 FTE FOR INCREASED AUDITS AND INVESTIGATIONS, $603,000 FOR CONTINUED IMPLEMENTATION OF OUR ADP LONG-RANGE PLAN, $250,000 FOR STAFF RELOCATIONS, AND $990,000 TO GENERAL MANAGEMENT AND ADMINISTRATION FOR CENTRALIZED SUPPORT SERVICES.
- OTHER INCREASES OF $1,342,000 FOR FULL-YEAR IMPACT OF 1990 AND ANTICIPATED 1991 PAY RAISES, $179,000 FOR AN EXTRA PAID DAY IN 1991, AND $260,000 FOR INFLATION IN NON-PERSONNEL EXPENSES.

THE INCREASED STAFFING WHICH WE HAVE REQUESTED, TEN (10) FTE, WILL BE DIVIDED BETWEEN THE OFFICE OF AUDITS (7) AND THE OFFICE OF INVESTIGATIONS (3). BASED UPON CURRENT PERFORMANCE DATA, WE ANTICIPATE THAT THESE ADDITIONAL EMPLOYEES, UPON REACHING FULL-PERFORMANCE LEVEL, WILL PRODUCE ANNUALLY:

- 24 AUDIT REPORTS
- $6.2 MILLION IN COSTS RECOVERED OR FUNDS PUT TO BETTER USE
- 11 INVESTIGATIVE CASES CLOSED
- 7 CRIMINAL OR CIVIL REFERRALS (SUBJECTS)
- 4 CONTRACTOR SUSPENSIONS/DEBARMENTS OR EMPLOYEE ACTIONS
- 3 SUCCESSFUL PROSECUTIONS OR CIVIL ACTIONS

IN RECENT YEARS WE HAVE BEEN VERY SUCCESSFUL IN RECRUITING OUTSTANDING COLLEGE STUDENTS AT ENTRY LEVELS. WE ANTICIPATE THAT WE WILL CONTINUE TO DO SO IN THE FUTURE. THE RESULTS OF OUR RECRUITMENT OF THESE OUTSTANDING STUDENTS, MANY OF WHOM HAVE EXTENSIVE BACKGROUNDS IN THE USE OF ADP AND HIGHER LEVEL TECHNOLOGIES, HAVE BEEN REALIZED IN ACCELERATED LEARNING AND PERFORMANCE CURVES. WE FIND THAT WITHIN A VERY SHORT TIME (APPROXIMATELY TWO YEARS IN MOST INSTANCES), THESE NEW EMPLOYEES ARE APPROACHING FULL-PERFORMANCE COMPETENCY.

THIS IS ESPECIALLY SIGNIFICANT IN OUR CONTINUING REQUEST FOR ADP EQUIPMENT. WE BELIEVE THAT IT IS NOT ONLY ESSENTIAL TO HIRE HIGH POTENTIAL EMPLOYEES, BUT THAT IT IS EQUALLY IMPORTANT -- IN SOME INSTANCES MORE IMPORTANT -- TO PROVIDE HIGH PERFORMANCE EMPLOYEES WITH ADEQUATE AND APPROPRIATE TOOLS. FOR SEVERAL YEARS WE HAVE BEEN PROCURING MICRO-COMPUTERS FOR USE IN THE CONDUCT OF AUDITS AND INVESTIGATIONS. WE HAVE ALSO BEEN ATTEMPTING TO ESTABLISH EFFECTIVE MANAGEMENT INFORMATION SYSTEMS. UNFORTUNATELY, AS A RESULT OF BUDGET REDUCTIONS, THE NEED TO PROVIDE FOR UNFUNDED PAY INCREASES, AND UNFUNDED INFLATION, WE HAVE NOT BEEN ABLE TO PROCEED AS RAPIDLY AS WE HAD PLANNED IN THE PROCUREMENT, DEVELOPMENT AND INSTALLATION OF ADP SYSTEMS SOFTWARE, EQUIPMENT, FURNITURE AND SUPPLIES. OUR REQUEST WILL ALLOW US TO PROCEED WITH IMPLEMENTATION OF OUR LONG-RANGE ADP PLANS IN AN ORDERLY MANNER.

THIS AUTOMATION PROGRAM SHOULD SIGNIFICANTLY ENHANCE PRODUCTIVITY. FOR EXAMPLE, ANTICIPATED RESULTS INCLUDE:

- GREATER RETURN ON INVESTMENT OF AUDIT AND INVESTIGATIVE RESOURCES
- INCREASED ACCURACY IN THE ANALYSIS OF PREAWARD AND POST-AWARD CONTRACT AUDIT DATA

- FASTER AND MORE EFFICIENT GATHERING AND PROCESSING OF AUDIT AND INVESTIGATIVE DATA
- GREATER ACCESS TO AND COMPATIBILITY WITH VENDOR AND GSA RECORDS
- BETTER AUDIT/CASE MANAGEMENT AND REPORTING

IN CLOSING, I WISH TO ADD MY APPRECIATION FOR THE STRONG SUPPORT THAT YOU AND THIS COMMITTEE HAVE PROVIDED TO OUR OFFICE. THE SUCCESS OF OUR PROGRAMS OVER THE PAST FOUR YEARS IS A DIRECT RESULT OF THAT SUPPORT, AND WE CERTAINLY THANK YOU FOR IT.

MR. CHAIRMAN, THIS CONCLUDES MY OPENING STATEMENT. I WILL BE PLEASED TO RESPOND TO QUESTIONS FROM YOU AND FROM OTHER MEMBERS OF THE SUBCOMMITTEE.

Mr. **Barton**. Mr. Chairman and Members of the Subcommittee, it gives me great pleasure to appear before this subcommittee today to present the Fiscal Year 1991 request for the Office of Inspector General, General Services Administration. Accompanying me is Ms. Susan Gaffney, Deputy Inspector General.

The General Services Administration is responsible for providing the Government with office space, equipment, services and supplies. This is big business with an annual operating cost exceeding $8 billion.

The Office of Inspector General is the primary means of oversight and review relating to the appropriate and lawful administration of these programs.

For the ten years during which the Office of Inspector General has maintained semiannual report information, its activities have resulted in an average annual return on investment of approximately seven for one.

Restated, the ten-year measured results of the work of the Office of Inspector General is: For every dollar appropriated to the Office of Inspector General, we return values of seven dollars to the taxpayer, either in cost reductions or recoveries.

Gentlemen, I submit that these statistics dramatically demonstrate the value of the Office of Inspector General at GSA and stand as a testimony to the dedication and effectiveness of our employees and programs.

Our total 1991 request is $30,139,000 or less than four-tenths of one percent of the value of GSA's programs. This represents an increase of about four million dollars over our 1990 funding level and will be used as follows:

—$379,000 for ten additional audit and investigative positions.

—$603,000 for continued development of ADP systems.

—$250,000 for relocations to effect a more efficient distribution of staff.

—$990,000 for payments to the agency for centralized support services.

—$1,342,000 for the full-year impact of 1990 and 1991 pay raises.

—$179,000 for an extra paid day in 1991.

—$260,000 for inflation.

In closing, I wish to add my appreciation for the strong support that you and this subcommittee have provided to our office. The success of our programs over the past four years is a direct result of that support and we certainly thank you for it.

Mr. Chairman, this concludes my opening statement and I will be pleased to respond to questions from you and other members of the subcommittee.

Mr. **Roybal**. Thank you, Mr. Barton.

DOLLAR RESOURCES BY ACTIVITY

It is my understanding that the Office of Inspector General performs three major functions: audit activities, investigative activities, and management activities.

The committee would like to know how much of your resources are spent on each one of them and how often you issue reports on these activities.

Mr. **Barton**. Yes, sir. I cannot give you the dollar value for each activity but I can certainly supply it for the record. But in terms of people we have about 270 employees engaged in audit activities, about 110 employees engaged in investigative activities. That is staff and professionals.

And the remainder of about 40 are in our administrative services.

[The request by activity dollar information follows:]

Dollar Request by Activity

The Office of Inspector General estimates that its FY 1991 request will be allocated among its major activities as follows:

	Amount	Percent
Audit activities	$17,815,000	59
Investigative activities	7,238,000	24
Management activities	5,086,000	17
Total	30,139,000	100

Reports on these activities are issued for each audit and investigation completed, for each internal management review conducted, and regularly in the semiannual report to Congress.

GOOD MANAGEMENT

Mr. **Roybal**. All right. Then since your investigative activities are just a little less than half of the audit activities, you are probably very familiar with the status of GSA with regard to fraudulent activity both internal and external, and the condition of GSA with regard to waste and inefficiency.

Can you tell us what the condition is?

Mr. **Barton**. I would like to report to you that I think the conditions in GSA are favorable. We think they are doing a good job in management and they have certainly responded to our recommendations to management in an excellent manner.

I feel very safe in saying that conditions are very favorable.

Mr. **Roybal**. All right. Then it is your opinion that the operation of GSA indicates good management?

Mr. **Barton**. I would think so from my observation. Of course, having said that, we always run into minor problems where things did not go quite right. But I think once we let that be known to management, then the correction is put in place.

Mr. **Roybal**. Well, not everything runs 100 per cent every day of the year.

Mr. **Barton**. That is very true.

Mr. **Roybal**. And one would expect that somewhere down the line problems would be coming up. But since you have investigative activities and you have audits and so forth, I think it is important that all of these functions continue.

I suppose that you also have an efficiency program of some kind which will result in savings. What is your estimates as to how much money has been saved directly as a result of your operation?

Mr. **Barton**. In the past year, Mr. Chairman?

Mr. **Roybal**. Particularly in the past year.

Mr. **Barton**. All right.

RECOVERIES AND AVOIDANCES

Mr. **Roybal**. And I ask that again because of your increase of $4 million over the year before. Let us find out what happened last year and then we will look into the increase of $4 million.

Mr. **Barton**. All right. I believe I can give you the right numbers here. During Fiscal Year 1989, our activities resulted in management commitments, criminal/civil recoveries and investigative recoveries totaling around $236,191,249. These results translate into approximately $561,000 per FTE.

Mr. **Roybal**. What do you mean by the recovery of?

Mr. **Barton**. Recoveries are moneys that are collected as a result of criminal actions as well as payments on demand from contractors. These are actual moneys returned to the U.S. Treasury.

Mr. **Roybal**. Now that recovery occurred because of your activities?

Mr. **Barton**. Yes, sir.

Mr. **Roybal**. And is not money that would have come in anyway?

Mr. **Barton**. I would say hopefully it would be our activities that prompted the recovery or avoidance of expenditures.

Mr. **Roybal**. All right.

Mr. **Fontaine**. That is all private money coming back and they are generally not in the mood to volunteer it.

Mr. **Roybal**. Which means that you have recovered $236 million with a budget for Fiscal Year 1990 of $26 million and in 1991 of $30 million.

Mr. **Fontaine**. Pretty good return.

Mr. **Roybal**. So I would say it is a good return.

Mr. **Barton**. Yes. And just to clarify that point, the $232 million is money that is put to better use, so it is not money that is due to the appropriation or anything of that nature. It is primarily money that is put to better use within the agencies.

Mr. **Roybal**. Do you think you can recover an additional $230 million in 1991?

Mr. **Barton**. I would hope including recoveries and avoidances we could do better than that, sir.

Mr. **Roybal**. The reason I ask that question is because we may not be able to get the additional $4 million. So if you do it well—— [Laughter].

Mr. **Barton**. Hopefully we can even do better, sir.

I think with our average of seven to one return without the addition, I think we are probably short $28 million.

Mr. **Roybal**. I agree with you. I think all these agencies should have the addition. On the other hand, GSA and others and our own budget here in the Congress may tell us that we cannot do it.

Mr. **Barton**. That is right. I understand that.

Mr. **Roybal**. So we need to know.

Mr. **Barton**. I understand that.

Mr. **Roybal**. And I would like to alert everyone to the fact that we may this year be forced to do something which we wished we did not have to do. I hope not.

Mr. **Barton**. I hope not, too.

Mr. Roybal. We will see.

Mr. Skeen.

Mr. Skeen. Thank you, Mr. Chairman.

It is evident that you have had great improvement since initiation of your work at GSA.

Mr. Barton. Thank you, sir.

MAJOR PROBLEMS

Mr. Skeen. I understand that your major problems lie in what, recovery or redirection funding?

Mr. Barton. No.

Mr. Skeen. What are your major problems?

Mr. Barton. I think probably our major problems as always are that we are a very people-intensive organization and as we have more people on the rolls than several years ago, they certainly do more work in the programs of GSA. So I think that one of our problems is maintaining sufficient staffing.

The other problem that we are working on with the aid of this committee is on our ADP program in which we are putting moneys to increase our productivity. We are getting more money back from that activity and I feel it will pay for itself in the end.

Those are our two biggest problems.

ADP PROGRESS

Mr. Skeen. Give me an estimation of where you think you are on ADP? How far behind the curve or ahead of the curve or about even? Where are you?

Mr. Barton. We are, I would say, at a good starting point.

Mr. Skeen. So you are pretty much just beginning.

Mr. Barton. Yes. Right. We are getting into our program. We have added a lot of personal computers to assist in audits and investigations. But we are just beginning really to get started.

We have in our plan about $5 million to expend on ADP over five years. We have gone through one year now.

Mr. Skeen. You are one year into your ADP program?

Mr. Barton. Yes.

Mr. Skeen. And you have a five-year program?

Mr. Barton. Right. And we are looking hopefully to expend about a million dollars a year over the next five years in that development.

Mr. Skeen. What do you consider to be your present rate of investigations and work, your optimum personnel levels versus your ADP program? Are you bringing that along, your personnel acquisitions program along with your ADP program?

Mr. Barton. Yes, sir. We have to balance those, of course. If cuts come into the appropriation picture, we have to make cuts in the ADP, which we had to do this time, and also people.

Mr. Skeen. You prioritize your personnel over your ADP program?

Mr. Barton. Yes. Most certainly.

Mr. Skeen. Most agencies tend to do this.

Mr. Barton. Yes.

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	1989 Actual	1990 Program	1991 Request	Increase or Decrease (-) for 1991 Total	Program	Other
Managerial.............................	41	44	42	-2	-2	-
Professionals..........................	505	549	519	-30	-30	-
Telecommunications.....................	443	481	455	-26	-26	-
Technicians............................	275	298	282	-16	-16	-
Secretarial/Clerical...................	296	321	305	-16	-16	-
Subtotal.............................	1,560	1,693	1,603	-90	-90	-
Part-Time and Temporary Employment.....	32	32	32	-	-	-
TOTAL................................	1,592	1,725	1,635	-90	-90	-

AUTHORIZING LANGUAGE
INFORMATION TECHNOLOGY FUND

As provided by Section 110 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 757):

Sec. 110. (a)(1) There is established on the books of the Treasury an Information Technology Fund (hereinafter referred to as the Fund), which shall be available without fiscal year limitation. There are authorized to be appropriated to the Fund such sums as may be required. For purposes of subsection (b), the Fund shall consist of-(A) the capital and assets of the Federal telecommunications fund established under this section (as in effect on December 31, 1986), which are in such fund on January 1, 1987;(B) the capital and assets which are in the automatic data processing fund established under section 111 of this Act (as in effect December 31, 1986) which are in such fund on January 1, 1987; and (C) the supplies and equipment transferred to the Administrator under sections 111 and 205(f) of this Act, subject to any liabilities assumed with respect to such supplies and equipment.

(2) The Administrator shall determine the cost and capital requirements of the Fund for each fiscal year and shall submit plans concerning such requirements and such other information as may be requested for the review and approval of the Director of the Office of Management and Budget. Any change to the cost and capital requirements of the Fund for a fiscal year shall be made in the same manner as provided by this section for the initial fiscal year determination. If approved by the Director, the Administrator shall establish rates to be charged agencies provided, or to be provided, information technology resources through the Fund consistent with such approvals. These plans fulfill the requirements of 31 U.S.C. 1512 and 1513.

Mr. **Skeen**. I am a little concerned from just studying the ADP programs we have in agencies in general, we tend to do that which I think is probably the best preservation method. In other words, if you are going to grow and you need the personnel, certainly it is more personnel-intensive as you said——

Mr. **Barton**. Yes.

Mr. **Skeen**. But then in upgrading the ADP programs as you go along, we never get started with them or we never upgrade them.

Mr. **Barton**. Yes.

Mr. **Skeen**. So we are sitting there in a constant state of molasses, wading in molasses, with the ADP program. Treasury has a terrible problem. IRS has a tremendous problem. I commend you on the work you have done.

I think that we have already probed one of the major weaknesses in the system as the ADP and lack of personnel expansion.

Mr. **Barton**. Yes.

Mr. **Skeen**. Thank you very much

Mr. **Barton**. Thank you very much, Mr. Congressman.

CARRY-OVER FUNDING

Mr. **Bill Early**. Mr. Skeen, to aid in the ADP initiatives, the committee last year gave a million dollars and made it no-year funds. So as he got his——

Mr. **Skeen**. Say that again.

Mr. **Bill Early**. It made the funds no-year funds.

Mr. **Skeen**. No-year funds.

Mr. **Bill Early**. No-year funds. So as we got the program going, if it slipped at all the money would still be there for him to get into the automation and improve his productivity.

He is again asking for funds this year again to be of a no-year nature.

Mr. **Skeen**. Of a no-year nature.

Mr. **Bill Early**. So that the timing of the procurements and the timing of the software design, he is not held to losing it in case there is some small slippage to make the product work better.

Mr. **Skeen**. The thing I am concerned about is that when we initiate an ADP program we start out with the idea and it is pretty well mapped out and engineered and so forth, and then we slip funds from you, so then you start getting behind.

No one thinks about how well we are sticking with the original program. And I would rather see you upgrade the program in midstream and take those funds on a no-year designation, whatever you do, but revamp. If you have to skid your ADP program, at least revamp it as far as model is concerned and bring it back and update it or keep it ahead of the curve rather than getting further behind because you had to slip funds.

And that is the problem. I am sure you have got enough genius over there in the outfit to keep you abreast of that.

Mr. **Barton**. We are very cognizant of that, Mr. Congressman. I think especially in the audit world, the computers are doing a great service to us. It used to be that an auditor would go in to look at a contract to see whether or not the Government was getting the right price, the right discount. They might take a ten percent sampling of all the sales, which means that we have lost about 90 percent of the activity.

Now we take their business tape, their computer tape, and bring it in and look at it, and say, "Put in a program, give us all the sales that exceed, say, 25 percent discount. Say that the U.S. Government is getting 25 percent, let us see who else is doing better."

Then all these contracts start dropping out. That gives the auditor a sense of whether the Government got a good deal. We get a 100 percent look at it.

Mr. Skeen. It is a whole lot better than ten percent.

Mr. Barton. It is.

Mr. Skeen. You are going the right way in my view. I think that is very important. Because managing these funds, as delicately as they are balanced, I think what we have to do as the Chairman alluded. We are not sure that some of the things that we do are really appropriate to efficient management, but you have to do the best that you can, and I appreciate it.

Mr. Barton. I have been very excited since I became the Inspector General of GSA in this activity, and I think it is something that is really needed in the U.S. Government.

Mr. Skeen. How long have you been in there, Mr. Barton?

Mr. Barton. I retired from the Secret Service in 1985 and became the Inspector General in 1985.

Mr. Skeen. We are getting our money's worth out of you, I think.

Mr. Barton. Well, I hope so. I am enjoying it.

Mr. Skeen. Thank you, Mr. Chairman.

Mr. Roybal. Mr. Barton, I would like to thank you for your testimony.

Mr. Barton. Mr. Chairman, thank you very much, sir.

Mr. Roybal. We will insert the justifications in the record at this point.

[The justifications follow:]

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
FY 1990 Level Authorized by Public Law 101-136	423	425	$26,500
Reduction Pursuant to Public Law 99-177.	-	-	-364
FY 1990 Adjusted Level	423	425	26,136
FY 1991 Estimate	433	435	30,139
Change from 1990 to 1991	+10	+10	+$4,003

DIGEST OF BUDGET ESTIMATES FOR FISCAL YEAR 1991												
	OBLIGATIONS						INCREASE OR DECREASE (-) FOR 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
DIRECT PROGRAM: ANNUAL AUTHORITY	421	$24,843	425	$25,136	435	$29,139	10	$4,003	10	$2,222	-	$1,781
NO-YEAR AUTHORITY	-	-	-	1,000	-	1,000	-	-	-	-	-	-
UNOBLIGATED BALANCE LAPSING		157										
TOTAL OBLIGATIONS	421	$25,000	425	$26,136	435	$30,139	10	$4,003	10	$2,222	-	$1,781
Permanent Positions	419		423		433		10		10		-	

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

Direct obligational authority requested for fiscal year 1991 is $30,139,000, an increase of $4,003,000 over the fiscal year 1990 level. This change reflects nondiscretionary increases of $260,000 for price escalation in non-personnel expenses, $1,342,000 for part year and annualized cost of the 1990 and 1991 pay raises, and $179,000 for an extra paid day in 1991.

Program increases reflect $379,000 for 10 additional Full-Time Equivalent (FTE) audit and investigative positions, $603,000 for equipment to continue implementation of the OIG long-range strategic ADP plan, $250,000 for relocations to distribute staff more efficiently, and $990,000 for payments to General Management and Administration for centralized support services.

These increases will allow the OIG to establish staffing at a more effective level, and to continue efforts to enhance efficient use of resources through provision of state-of-the-art ADP equipment and staff relocations. At current productivity rates, 10 additional audit and investigative positions could result in approximately $6.2 million in costs recovered or put to better use.

SUMMARY EXPLANATION OF CHANGES FOR FY 1991
(Dollars in Thousands)

	Workyears	Amount
Program Changes:		
Increased Audits and Investigations	10	$379
Continued ADP Systems Implementation	-	603
Staff Relocations	-	250
Payments to General Management & Admin. for Centralized Support Services. .	-	990
Total Program Changes	10	$2,222
Other Changes:		
Part Year and Annualized Cost of Pay Raise	-	$1,342
Extra Paid Day in FY 1991	-	179
Price Escalation in Non-personnel Expenses	-	260
Total Other Changes	-	$1,781
TOTAL CHANGES, 1990 COMPARED TO 1991	10	$4,003

OFFICE OF INSPECTOR GENERAL
(Dollars in Thousands)

FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work Years	Amount	Work-Years	Amount
421	$24,843	425	$26,136	435	$30,139	10	$4,003	10	$2,222	-	$1,781

BACKGROUND

The Office of Inspector General (OIG) was authorized by the Inspector General Act of 1978 and implements the Act's provisions in full.

The OIG's principal functions include: the detection and investigation of fraud and abuse, and the identification and reporting of instances of waste, inefficiency and mismanagement.

The investigations program has consistently resulted in numerous successful referrals for prosecution or administrative action. During fiscal year 1989 alone, this work resulted in 47 successful criminal prosecutions, as well as 36 suspensions and 66 debarments of companies from obtaining Government contracts.

Audit services provided by the OIG are either internally directed, addressing all the facets of agency operations, programs and activities, or externally directed, through preaward and postaward auditing of GSA's contracts. Results of these contract audits provide GSA's officials with information relevant to negotiation, award, administration, repricing, and settlement of contracts. Results achieved by this program are as dramatic as those achieved through criminal investigations. During fiscal year 1989, the OIG achieved over $232 million in management decisions to more efficiently use resources and to recover funds.

From a historical perspective, the OIG's mission-oriented programs have been productive. Since its inception in 1978, the OIG has averaged approximately a seven-for-one annual return on investment; that is, for every dollar appropriated, approximately seven dollars was returned to the taxpayers either in cost reductions or in recoveries.

JUSTIFICATION

A. HIGHLIGHTS.

Audit Activities. The requested funding level will support 277 audit positions, an increase of seven positions over the 1990 level. This will allow increased audit coverage of GSA's contracts, and of the agency's internal programs and activities, during 1991.

GSA issues approximately 20,000 contracts for equipment, services and supplies annually. Most of the individual contracts in this inventory are either small, straight-forward amendments to other contracts, or they are issued after open competition in the free market. These conditions generally diminish the need for routine auditing. There are approximately 5,000 contracts issued annually which, by regulation or statute, are required to be considered for auditing. These contracts are audited before award or after award, depending upon availablity of resources, prior history with the company, and regulated dollar thresholds.

In addition, there are approximately 2,000 internal GSA operations and programs that are classified as auditable entities; that is, activities that are discretely identifiable and measurable. These range in size, impact, volume and vulnerability from a single imprest fund (petty cash) up to and including large-scale, government-wide procurement offices. Each entity warrants a different level of oversight depending on its size, scope and vulnerability.

Current productivity rates reflect a significant return on investment for audit personnel and indicate that seven additional positions will potentially result in 24 more audit reports, and over $6 million in management decisions to use resources more efficiently, per year.

Investigative Activities. The requested funding level will support 113 investigative positions, an increase of three positions over the 1990 level. This will provide the OIG with greater capability to expand its areas of coverage, to increase its response time, and to more accurately and effectively focus investigative efforts on identifying situations that threaten the integrity of GSA operations. Acquistion of state-of-the-art ADP hardware and software to effectively carry out the investigative mission of the OIG will be continued, as will training programs for the application of computers to the investigative process.

At current productivity rates, three additional FTE will potentially result in 11 more investigative cases closed, three more criminal referrals, and three more contractor suspensions/debarments per year.

Program Support for OIG Operations.

-Implementation of OIG Long-Range Strategic Plan. The OIG long-range ADP plan delineates equipment and software requirements through 1994, with total costs during this period estimated to be $5 million. During 1991, the OIG plans to continue implementation of this plan with equipment purchases of approximately $1 million. Although this level will not compensate for reduced acquisitions planned for 1990 due to budget reductions, it does represent continued progress toward achieving our goal of enhancing productivity through provision of state-of-the-art ADP systems.

-Relocations. The continuation of a relocation program adequately funded to meet changing requirements and demands will enable the OIG to distribute personnel with critical skills and abilities to best meet specific audit or investigative requirements, and will provide for necessary managerial development through rotational assignments. Funding totaling $250,000 will provide approximately three such relocations

B. EXPLANATION OF CHANGES, FY 1990 vs FY 1991.

The Office of Inspector General increase of $4,003,000 from fiscal year 1990 to fiscal year 1991 consists of the following:

Program Changes.

1. $379,000 for 10 additional audit and investigative positions.

2. $603,000 for continued development of state-of-the-art ADP systems to support long-term information processing needs of the OIG.

3. $250,000 in relocation costs to distribute staff most effectively.

4. $990,000 for payments to General Management and Administration for centralized support services.

Other Changes.

1. $1,342,000 for part year and annualized cost of 1990 and 1991 pay raises.

2. $179,000 for an extra paid day in 1991.

3. $260,000 for price escalation in non-personnel expenses.

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.0 Personnel Compensation - $18,730,000. Supports 436 FTE.

12.1 Personnel Benefits - $3,580,000. Includes $2,714,000 for direct contributions to the retirements fund, $177,000 for Medicare, $491,000 for health benefits, $98,000 for accident compensation, and $100,000 for relocation moving and living allowances.

21.0 Travel and Transportation of Persons - $1,834,000. Includes $134,000 for Motor Pool and $1,700,000 for travel expenses in connection with the audit and investigation of GSA activities and contracts.

22.0 Transportation of Things - $126,000. $26,000 for commercial transportation of reports and investigative and audit materials, and $100,000 for personnel relocations.

23.1 Rental Payments to GSA - $1,886,000. Provides for payment to the Federal Buildings Fund for RENT.

23.3 Communications/Utilities/Miscellaneous Charges - $565,000. For communications, utilities and rents.

24.0 Printing and Reproduction - $210,000. Includes rental and operation of reproduction equipment and commercial printing of audit, investigative and administrative documents.

25.0 Other Purchased Services - $1,836,000. For payments not to exceed $10,000 for information and detection of fraud against the Government, including payment for recovery of stolen Government property; $1,037,000 for payments to General Management and Administration for centralized support services; $120,000 for DCAA support; $280,000 for training; $206,000 for equipment maintenance; $26,000 for software; $60,000 for relocation expenses; and $107,000 for other commercial contracts (including security clearances, court transcripts, health and medical facilities at remote stations, and contracts related to the conduct of audits and investigations).

26.0 Supplies and Materials - $208,000. For normal administrative supplies.

31.0 Equipment - $1,184,000. For equipment needed for implementation of long-term ADP systems, and systems furniture.

Statement of Actual and Estimated Personnel and Obligations
By Object Classification for Fiscal Years 1989, 1990, and 1991
(Dollars in Thousands)

	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Increase or Decrease (-) Compared with FY 1990	%Change FY 1991 vs FY 1990
Workyears					
Central Office	421	425	435	10	2%
Permanent	419	423	433	10	2%
Other	2	2	2	-	-
Code and Object Classification					
11.0 Personnel Compensation	$16,474	$17,300	$18,730	$1,430	8%
12.0 Personnel bene'its	2,764	3,010	3,580	570	19%
21.0 Travel & Transportation of Persons	1,272	1,604	1,700	96	6%
Motor Pool	112	120	134	14	12%
22.0 Transportation of Things . . .	8	10	128	118	1,180%
23.1 Payments to FBF (RENT)	1,663	1,763	1,866	103	6%
23.3 Communications, Utilities & Other Rent	548	620	665	45	9%
24.0 Printing and Reproduction . .	228	210	210	-	-
25.0 Other Services 1/	1,003	1,024	1,836	812	79%
26.0 Supplies and Materials	186	175	208	33	19%
31.0 Equipment 2/.	806	400	1,184	784	196%
Total Obligations	$24,843	$26,136	$30,139	$4,003	15%

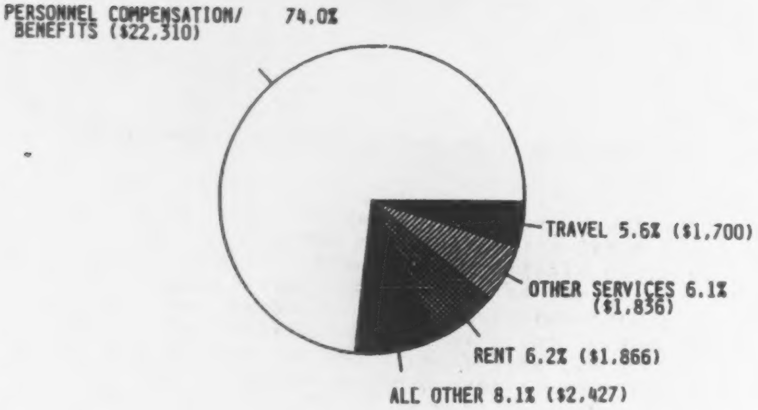
1/ Includes $10,000 for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property. Also includes $2,500 for honor awards to employees of other Federal agencies and private citizens for recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness.

2/ $1,000,000 to remain available until expended for procurement and installation of an automation program.

SUMMARY OF EMPLOYMENT
Number of Workyears

Principal Categories	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Change from FY 1990 to FY 1991 Total	Program	Other
Executive.	8	8	8	-	-	-
Management and Administrative Direction	34	35	35	-	-	-
Professional	328	330	340	+10	+10	-
Clerical	49	50	50	-	-	-
Subtotal	419	423	433	+10	+10	-
Part-Time and Temporary.	2	2	2	-	-	-
Total.	421	425	435	+10	+10	-

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FY 1991 REQUEST
Distribution by Major Cost Element
(Dollars in Thousands)



TOTAL: $30,139

GENERAL SERVICES ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General; [$26,500,000] $30,139,000 of which not to exceed $1,000,000 [is] shall remain available until expended for procurement and installment of an automation program in support of audits and investigations: Provided, That not to exceed $10,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of of stolen Government property: Provided further, That not to exceed $2,500 shall be available for awards to employees of other Federal agencies and private citizens in recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness.

(Public Law 100-504; Independent Agencies Appropriation Act, 1990)

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

For necessary expenses of the Office of Inspector General [$26,500,000]. $30,139,000 of which not to exceed $1,000,000 [is] shall remain available until expended for procurement and installment of an automation program in support of audits and investigations: Provided,...,

The proposed technical correction to the current appropriation language is required to permit the apportionment of the entire appropriation as one apportionment. The current language has resulted in two separate apportionments which necessitate that obligations be accounted for in two separate record systems. This change would simplify the administration of the funds appropriated to the account while maintaining the advantages of continued availability of funding for the purpose of acquiring long lead time ADP equipment.

OFFICE OF INSPECTOR GENERAL
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Change FY 1990 to FY 1991	
	Work-years	Amount	Work-years	Amount	Work-years	Amount	Work-years	Amount
Office of Inspector General (Reimbursable)	-	$30	-	$110	-	$110	-	-

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

The OIG requires reimbursable funding in the amount of $110,000 for audits and investigations in which we are the cognizant agency, or when audits or investigations requiring specialized skills are performed under reimbursable agreements for other Federal agencies.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

WEDNESDAY, FEBRUARY 21, 1990.

GENERAL MANAGEMENT AND ADMINISTRATION

WITNESSES

RAYMOND A. FONTAINE, COMPTROLLER

WILLIAM B. EARLY, DEPUTY COMPTROLLER FOR BUDGET

Mr. ROYBAL. The committee will now hear from General Management and Administration.

Mr. FONTAINE. Mr. Chairman, in the interest of time I will submit a formal statement for the record and just summarize.

Mr. ROYBAL. That will be inserted in the record at this point.

[The information follows:]

STATEMENT BY MR. RAYMOND A. FONTAINE
COMPTROLLER, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman and Members of the Subcommittee:

Before responding to your specific questions, I would like to briefly summarize the General Services Administration's fiscal year 1991 request for agency-wide activities funded by the Salaries and Expenses, General Management and Administration account.

The General Management and Administration (GM&A) appropriation provides for planning, policy direction, coordination, centralized administration, and staff support for all GSA programs, many of which are Government-wide in scope. For fiscal year 1991, we are requesting an appropriation of $90,555,000, $45,137,000 less than comparable 1990 levels.

This net decrease consists of a reduction of $12,984,000 related to the Grants appropriated to this account in fiscal year 1990; and a reduction of $49,882,000 and 855 workyears to reflect the conversion of our internal accounting support and payroll functions from appropriated to reimbursable funding from the benefiting GSA accounts. These functions were funded in the direct portion of this account prior to fiscal year 1991.

This proposed industrial funding initiative will permit full cost recovery through the pricing structure for goods and services, and consequently will more closely reflect the actual costs of doing business. The above reductions are offset by the following increases: an increase of $7,842,000 to support the increased costs of goods, services, and increased pay costs for ongoing programs; $717,000 and 11 workyears for the Small and Disadvantaged Business Activity, funded in the Public Buildings Service prior to fiscal year 1991; $590,000 and 2 workyears to enhance the Debarment List to ensure the denial of Federal benefits for certain drug offenders; $642,000 and 13 workyears for a law clerk program for the Board of Contract Appeals; $5,214,000 and 89 workyears for direct funding of programs previously reimbursable to this account; and $2,724,000 to provide for our share of the proposed reimbursable internal accounting support functions.

This completes my summary statement, Mr. Chairman. We would be pleased to respond in greater detail to those areas of specific interest to the Subcommittee.

OPENING REMARKS

Mr. **FONTAINE**. Mr. Chairman, the General Management and Administration appropriation in GSA takes care of the policy, administrative, legal, accounting, budget, personnel, Board of Contract Appeals, and the Regionial Administrators, their Deputies and staffs. It is basically a personnel-oriented account.

For fiscal year 1991, we were requesting an appropriation from this subcommittee of approximately $90 million, which is $45 million less than the previous year due to converting the internal accounting and payroll functions to reimbursable.

This account will free up approximately $45 million in budget authority for this committee which will more than offset any of the other appropriated increases in GSA.

A number of the accounts will be paying for this support. The Public Buildings Service, which has almost half of the employees in GSA, will pay almost half of the cost of payrolling employees in GSA out of their revolving fund. There are some increases in the budget request, but they are more than offset by the large reduction.

I think there are a few more functions in this account that could be converted to a reimbursable activity if the committee approved this funding change.

Again there are some increases primarily in the Board of Contract Appeals where their work load continues to increase, some in the debarment list that we have to ensure for Federal contracts, and 11 work years for the Small and Disadvantaged Business Program which was previously funded in the Federal Buildings Fund prior to fiscal year 1991.

This summarizes the request, Mr. Chairman, and I will be glad to answer any questions, particularly if there is confusion about the proposed funding change from appropriated to reimbursable.

PROPOSED FUNDING CHANGE

Mr. **ROYBAL**. I would like you to address yourself to that particular question. You talk about a large reduction, which would basically mean that there is a savings to the Government.

That is not the fact, is it?

Mr. **FONTAINE**. No. We are talking about a savings in budget authority or appropriated money.

Mr. **ROYBAL**. All right.

Mr. **FONTAINE**. The cost of the accounting and payroll functions will be recovered in the price of a pencil in the Federal Supply Service or cost of space in the Public Buildings Service, etc.

Mr. **ROYBAL**. But somebody else will pay for it?

Mr. **FONTAINE**. Yes, sir.

Mr. **ROYBAL**. All right.

Mr. **FONTAINE**. However, it is a savings of funds appropriated by this committee.

Mr. **ROYBAL**. You are reducing your budget but somebody else has to increase theirs?

Mr. **FONTAINE**. True.

LAW CLERK PROGRAM

Mr. **Roybal**. All right. Now what specifically is involved in the new law clerks program?

Mr. **Fontaine**. This is under our Board of Contract Appeals. Judge Suchanek is here and can address the request much better than I.

When vendors are not happy with an award of a contract, particularly ADP, they appeal. Judge Suchanek has the Government-wide responsibility for any vendor who appeals an award.

These disputes by contractors are brought before him. It seems to be almost a way of life now. Anytime an award is issued, there is a protest.

Mr. **Roybal**. Sure.

Mr. **Fontaine**. So his work load is constantly increasing.

Mr. **Roybal**. What I would like to know is why is it necessary to hire 13 additional law clerks?

Mr. **Fontaine**. Let me have Judge Suchanek, who is the Chairman of our Board of Contract Appeals, address this question. He can address it better than I.

Judge **Suchanek**. The fact of the matter is we have 12 judges, but we have no law clerks at all. The fact of life at the Board of Contract Appeals is that everyone there is working day and night, seven days a week. The work load is crushing.

We thought that the most economical approach would be to request law clerks rather than additional judges. These law clerks would be at the Grade 11 and 12 level, and would be two-year appointments, so you are not encountering grade creep, that sort of thing.

We believe that it would be a tremendous assistance in moving towards bringing the work load under control.

Mr. **Roybal**. You have twelve judges but you are requesting thirteen additional positions?

Judge **Suchanek**. The reason for that is to assure that everyone has a clerk. In the recruitment process and in the leave process, we want to make sure there is always someone there.

Mr. **Fontaine**. One for an overlap.

Mr. **Bill Early**. The clerks would assist in handling routine matters. They would do research, which would increase the productivity of the judges.

Mr. **Roybal**. I am surprised that you do not have any clerks now.

Judge **Suchanek**. We do not, and that is extraordinary. If you were to look at any judicial body and ask them, could you get along without law clerks, I think they would treat it with a considerable amount of shock.

For example, in the Claims Court, the sister body to ours, each judge has two law clerks. In the Federal Circuit, which has a lower case load than we have, each judge has three law clerks.

We have none.

Mr. **Roybal**. Well, that argument alone is sufficient to convince anyone, including myself, that you need law clerks. I hope we will be able to provide it.

Judge **Suchanek**. I hope so, too. [Laughter.]

Mr. ROYBAL. If we were to approve all of this, you would immediately hire these clerks; but you made mention of the fact that it was for two years. If it is so important, why not hire clerks on a permanent basis?

Judge SUCHANEK. In the appointment of the law clerk, there would be a turnover in two years. You will find that this is traditional in the law field; that clerks will normally come in for a two-year appointment, sometimes three years.

If you were to look at the Claims Court, which is, again, the collateral body to us, I think the clerks there are also appointed for a period of two years.

As I said, sometimes it is extended for an additional year, but that is rare. You will find the same thing true in the Federal District Courts.

Mr. ROYBAL. I thought what we were saying was the position would be authorized for two years.

Judge SUCHANEK. No, sir.

Mr. SKEEN. Law clerks do not stay law clerks. They become attorneys, unfortunately. [Laughter.]

Judge SUCHANEK. Another aspect is that the person comes in at a Grade 11, and is promoted to a Grade 12. We make an attempt to get people at the top of their class from the law schools around the country. They go to a Grade 12, and then they leave, and then new employees start at Grade 11, so you constantly have new people at Grades 11 and 12.

You do not have that grade creep as it is sometimes referred to with people going up to Grades 13, 14, and that sort of thing. So that helps to create some consistency in terms of money, except for salary increases that Congress may vote for each year.

Mr. ROYBAL. Well, Judge, I think you convinced me anyway. I do not know about the rest of the committee.

Judge SUCHANEK. I hope so.

Mr. ROYBAL. Thank you.

Judge SUCHANEK. Thank you very much

COMPTROLLER'S FUNCTIONS

Mr. ROYBAL. Mr. Fontaine, what function does the Comptroller perform and why is that office the largest both in personnel and funding?

Mr. FONTAINE. It performs all the fiscal functions within GSA. That is all the bill paying, collecting of monies, and payrolling. In addition, it services approximately 50 independent boards, commissions, and small agencies that do not have payroll or accounting capabilities.

It also includes Mr. Early's budget organization which is the smaller piece of it. But, it is very people oriented in accounting, because I am paying almost $5 billion worth of bills a year. In fact, if we were included in the Fortune 500 companies, we would be the 66th largest enterprise.

Mr. BILL EARLY. They are handling over a million and a half individual invoices annually. It takes a lot of people, even with computers, checking and making sure everything's right, to have them in on time with prompt payment.

Mr. **Roybal**. What is the total number of employees?

Mr. **Fontaine**. GSA?

Mr. **Roybal**. No, in the Comptroller's office.

Mr. **Fontaine**. Approximately 1,000.

Mr. **Roybal**. A pretty large organization.

Mr. **Fontaine**. To do $5 billion a year in payments, I would not say I am out of line with any companies that do that amount of volume, plus payrolling.

Mr. **Roybal**. Would it not take as much time to pay bills in the amount of $1 million as it would for $1 billion?

Mr. **Fontaine**. No.

Mr. **Roybal**. No?

Mr. **Fontaine**. No. Some are large amounts for construction contracts, some are 50-cent pencil orders; it just runs the whole gamut with the various types of programs we have in GSA.

But, it is large in magnitude. I think in the last comparison I saw, GSA would rank in the top sixty companies in the private sector as far as amount of business money passing through GSA and the number of employees we payroll.

Mr. **Bill Early**. We are one of the largest in the Government in number of vouchers processed. NASA and DOD are larger than us because they are also very large procurement organizations. That is one reason why GSA, DOD and NASA are leaders in acquisition policy. We are a large procurement agency.

DOD is our major customer. When the troops in the field process orders, as Mr. Fontaine indicated, vouchers come in for 50 cents and a dollar. We are unable to stop these orders, and they take as much processing time as a voucher for a million dollars.

Mr. **Fontaine**. Yes, a million dollars.

Mr. **Bill Early**. Recent Acts of Congress are requiring us to take prompt payment discounts and to pay interest penalties if they are not paid within 30 days. We are a widely dispersed organization with a centralized accounting system.

It is increasing in work. They have kept their head above water through increasing use of automation, however, it is quite difficult.

Mr. **Roybal**. Well, two things are happening. The volume has increased. Automation has come in to help in the process. Your staff or personnel has stayed about the same level.

Mr. **Fontaine**. Over the last ten years.

Mr. **Roybal**. Over the last ten years.

Mr. **Fontaine**. Yes, sir.

Mr. **Roybal**. So you actually have not increased personnel in order to take care of the increased number of transactions.

Mr. **Fontaine**. Thank God for automation.

Mr. **Roybal**. And it has been due to automation?

Mr. **Fontaine**. Right.

Mr. **Roybal**. Mr. Skeen?

AUTOMATED SYSTEMS

Mr. **Skeen**. That brings up the question of how your data processing systems are? Do you have a system that you consider to be adequate?

Mr. **Fontaine**. Mr. Skeen, I have an accounting system that received GAO approval. We were one of the first large agencies to report to OMB that we have a single accounting system for the Agency. This is a key objective under Reform 88.

Mr. **Skeen**. The Good Housekeeping Seal.

Mr. **Fontaine**. I have gotten an unqualified audit from Arthur Andersen, and GSA was the first large, Government, executive-level agency ever to do so.

As I said, I pay almost $5 billion in bills a year. With the Prompt Payment Act, and even amending that to take the 15-day grace period away, I paid about $175,000 in interest on $5 billion last year and that equates to around $30 per million dollars of disbursements. I think it does not get any better than that.

I am very proud of my people.

Mr. **Skeen**. You should be.

Mr. **Fontaine**. They do an incredible job.

Mr. **Skeen**. $175,000 interest?

Mr. **Fontaine**. A hundred and seventy-five thousand on $5 billion.

Mr. **Skeen**. On $5 billion.

Mr. **Fontaine**. I would match that with anybody in the private sector.

Mr. **Skeen**. I would not be loaning you any money at that rate. [Laughter.]

Mr. **Fontaine**. So I think my people do an outstanding job. I am very proud of them.

Mr. **Bill Early**. We have had two automation efforts underway. This committee gave us some funds about two years ago to recompete our computing contract for the financial system.

Mr. **Skeen**. So you have a recent upgrade.

Mr. **Bill Early**. Yes. It should be in place in the next few months.

Secondly, the other automated systems in GSA are requesting some dollars in the budget for this year. This morning for the IRMS account and yesterday a little bit in the Federal Supply account, as well as the Public Buildings Service. Their private sector system has been sole-sourced and renewed, but needs to be recompeted and modernized, which is halfway complete.

The basic management information system for the agency is old, and we are in a four-year effort of converting and competing for it. There was about $2,500,000 in the budget this year, in IRMS and Federal Supply, to start initial procurement for an automated supply system and the automated depots that we have recently put under construction, and for site preparation for the new computer system for next year.

Mr. **Skeen**. When you say site preparation, are you talking about——

Mr. **Bill Early**. That is just $2 million to get a facility ready.

Mr. **Skeen**. A facility.

Mr. **Bill Early**. To bring in the new equipment.

Mr. **Skeen**. Is this a building or just space?

Mr. **Bill Early**. Just preparation for raised floors, air-conditioning and utilities.

Mr. **Skeen**. Just the mechanics of it.

Mr. **Bill Early**. We are going to have the private sector provide the product, whatever that is going to be. We are going through a competition on that.

Mr. **Skeen**. I know we have talked about this reduction, and it is not really a reduction. It is called a swap-out that you have on the $45 million. Is this going to cause you any problems?

Mr. **Fontaine**. No, sir, and I still think we could go beyond this.

Mr. **Skeen**. You can?

Mr. **Fontaine**. If you have problems with allocations and budget authority, I can go beyond this.

Mr. **Bill Early**. We looked at the major difference in Federal Supply because they have gone to industrial funding in the last two years, and the impact on its prices will be the cost of pencils and paper clips to the customers.

Their mark-up over cost is a little less than nine percent and will go to just a little over nine percent for the full cost of accounting and payroll services.

Mr. **Fontaine**. So there is no reason, for example, the personnel shop at GSA cannot be spread by head count, like payroll. It is an easy thing to do. You then have true total cost in whatever widgets or services we are providing. You can do it with legal, and you can do it to a majority of the programs in this appropriation.

CONTRACT AWARDS

Mr. **Skeen**. How much adjudication do you do? I am not suggesting a conflict with the IG, but do you do some preliminary adjudications, and so forth, on contracts or things of this kind?

Mr. **Fontaine**. Our general counsel may.

Mr. **Skeen**. Just general counsel.

Mr. **Fontaine**. I do not get into that.

Mr. **Bill Early**. Our Office of Acquisition Policy has GSA policy oversight in addition to the Federal Supply role. In our regions, we have a contract clearance system where they review contracts, and if they meet certain thresholds, they get reviewed again before they go out for award. Hopefully, they are done the right way before the IG has to catch up to them.

Mr. **Skeen**. Do you have a pre-award system as well?

Mr. **Fontaine**. Yes, sir.

Mr. **Bill Early**. We put in contract warrant programs to see to it that the contracting officers are well-qualified and trained to avoid contracting disputes as the contracts are being awarded.

Mr. **Skeen**. So you have a good filtration system?

Mr. **Fontaine**. Yes. We think our internal controls are as good as they can be.

Mr. **Bill Early**. We had some problems in the late 70's and have put in a lot of good checks and balances in training since that time, and we feel confident that has done the job.

Mr. **Skeen**. For a large agency, I think you have done an outstanding job. You take your share of criticism, but I think you respond to it well.

I think, too, this is a time when we can honestly say to someone that operates a Government agency of this size and magnitude that you have done an outstanding job.

Mr. **Fontaine**. We appreciate it. Thank you.

Mr. **Roybal**. Mr. Wolf?

Mr. **Wolf**. I have no questions. Thank you.

Mr. **Roybal**. Mr. Fontaine, I would like to thank you for the testimony with regard to this. I have one other question, however.

DRUG TESTING AND AWARENESS

Mr. **Fontaine**. Yes, sir.

Mr. **Roybal**. You have asked for $300,000 for your drug testing and awareness program.

Now what is GSA's program for drug testing?

Mr. **Fontaine**. It was mandated by the President's Executive Order that we are required to test people that carry weapons.

Unless the courts overturn this, we are under a mandate to proceed to test people that carry guns. We are not having any wholesale testing. There is a small percentage of the agency in law enforcement.

The majority of people in GSA will not be tested.

Mr. **Roybal**. All right.

Mr. **Fontaine**. We are drug testing only in the law enforcement area, and that is 1,200 employees out of 20,000. The testing will be done on a random sampling of 20 per cent, so there will only be 240 people tested annually.

In selected metropolitan areas, we are testing applicants entering the law enforcement area.

Mr. **Roybal**. How many all together will be tested to use $300,000? That is a lot of money.

Mr. **Bill Early**. We have randomly tested 50 employees, and only two confirmed positive.

Mr. **Roybal**. Which means not only the testing, but also the laboratory work as well?

Mr. **Bill Early**. That is correct. $75,000 is going to be the cost for the testing program, and the additional dollars were in the awareness and training of employees and counselling for those that may have a problem.

Mr. **Roybal**. All right. We would like to go onto another subject. I would like to thank you for testimony on this section. We will insert the justification in the record at this point.

[The justification follows:]

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
1990 Level Authorized by Public Law 101-136	1,944	2,014	$137,449
Reduction Pursuant to P.L. 99-177	-	-	1,757
1990 Revised Appropriation	1,944	2,014	$135,692
Estimated FY 1991	1,204	1,274	90,555
Changes from 1990 to 1991	-740	-740	-$45,137

DIGEST OF BUDGET ESTIMATES FOR FISCAL YEAR 1991

	Appropriation						Increase or Decrease (-) for FY 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Policy Direction....	350	$25,471	363	$26,109	432	$34,626	69	$8,517	69	$6,556	-	$1,961
2. Comptroller.........	999	54,488	1,000	53,914	145	8,984	-855	-44,930	-855	-48,321	-	3,391
3. Administration......	602	36,051	609	39,632	642	42,926	33	3,294	33	1,007	-	2,287
4. Board of Contract Appeals............	40	3,856	42	3,053	55	4,019	13	966	13	763	-	203
5. Grant program.......	-	-	-	12,984	-	-	-	-12,984	-	-12,984	-	-
Unobligated balance lapsing............		908										
TOTAL	1,991	$120,774	2,014	$135,692	1,274	$90,555	-740	-$45,137	-740	-$52,979	-	$7,842
Permanent Positions....	1,941		1,944		1,204		-740		-740		-	

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

Direct obligational authority for FY 1991 is estimated at $90,555,000, a net decrease of $45,137,000 under the current resource level for fiscal year 1990. The increased funding requirements consist of the following changes: $717,000 and 11 work-years for the Small and Disadvantaged Business Activity, funded in the Public Buildings Service prior to fiscal year 1991; $590,000 and 2 work-years to enhance the Governmentwide List of Parties Excluded from Federal Procurement or Nonprocurement Programs (Debarment List) for the Office of Acquisition Policy, required to implement Section 5301 of P.L. 100-690, the Anti-Drug Abuse Act of 1988, pertaining to the denial of Federal benefits for certain drug offenders; $642,000 and 13 work-years for a law clerk program for the Board of Contract Appeals; $5,214,000 and 89 work-years for financing programs previously reimbursable to the General Management and Administration (GM&A) account prior to fiscal year 1991; $2,724,000 for payments to GM&A for centralized support services; $2,937,000 for price escalations in non-personnel costs; $384,000 for an extra paid day in FY 1991; and $4,521,000 for the part year and annualized cost of pay raise. These increases are offset by decreases of $49,882,000 and 855 work-years for the Office of Finance funded in GM&A, Direct prior to fiscal year 1991; and $12,984,000 for the FY 1990 grant program. In addition, reprogramming of $583,000 and $1,242,000 to the Policy Direction and Comptroller activities respectively, from the Administration activity is also reflected.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Policy Direction		Comptroller		Administration		Board of Contract Appeals		Grant Program		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
PROGRAM CHANGES												
1. Office of Small & Disadvantaged Business..	11	$717	-	-	-	-	-	-	-	-	11	$717
2. Acquisition Policy Debarment List..........	2	590	-	-	-	-	-	-	-	-	2	590
3. Law Clerk Program....	-	-	-	-	-	-	13	$642	-	-	13	642
4. Payment for GM&A centralized support svcs....	-	886	-	$319	-	$1,398	-	121	-	-	-	2,724
5. Realignment of programs between direct and reimbursable.........	56	3,800	-855	-$49,882	33	1,414	-	-			-766	-44,668
6. Grant Program.........	-	-	-	-	-	-	-	-	-	-$12,984	-	-12,984
7. Reprogramming.........	-	563	-	1,242	-	-1,805	-	-	-	-	-	-
TOTAL, PROGRAM CHANGES	69	$6,556	-855	-$48,321	33	$1,007	13	$763	-	-$12,984	-740	-$52,979
OTHER CHANGES												
8. Price escalations in non-personnel costs......	-	$550	-	$1,426	-	$887	-	$74	-	-	-	$2,937
9. Extra paid day........	-	82	-	167	-	126	-	9	-	-	-	384
10. Part year & annualized cost of pay raise........	-	1,329	-	1,798	-	1,274	-	120	-	-	-	4,521
TOTAL, OTHER CHANGES	-	$ 1,961	-	$3,391	-	$2,287	-	$203	-	-	-	$7,842
TOTAL CHANGES, 1990 to 1991....................	69	$8,517	-855	-$44,930	33	$3,294	13	$966	-	-$12,984	-740	-$45,137

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

POLICY DIRECTION
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Policy Direction	350	$25,471	363	$26,109	432	$34,626	69	$8,517	69	$6,556	-	$1,961

BACKGROUND

This activity provides for the formulation and execution of agency policy, legal advice and services, equal employment opportunity, and oversight of the acquisition process for functions assigned to GSA by the Federal Property and Administrative Services Act of 1949, as amended. Provides liaison with the Small Business Administration on national minority business proposals and contracts to assure that minority and small businesses receive a fair share of the Agency's business.

JUSTIFICATION

A. HIGHLIGHTS

(1) Executive Direction - The Office of the Administrator provides policy and direction for all functions assigned to GSA. The Office of Public Affairs acts as liaison between the media and GSA officials and is responsible for media relations. The Office of Congressional Affairs acts as liaison between Agency officials and Members of Congress.

(2) Office of Ethics and Civil Rights - Plans, provides and administers standards of conduct, and conflicts of interest programs for the agency. Plans, develops and administers GSA's Equal Employment Opportunity (EEO) Program and the Federal Assistance Program which ensures that EEO regulations are adhered to, as they relate to the distribution of property donated by GSA, as required by Executive Order 12250.

(3) Office of General Counsel - Provides legal advice and service to all GSA nationwide programs including litigation; contract support; legislation and regulation development; review and analysis; and legal advice and guidance required in carrying out the Agency's day-to-day operations.

(4) Office of Acquisition Policy - Along with DoD and NASA, develops and maintains the Federal Acquisition Regulation (FAR) which is the primary regulation for use by all Federal agencies in their acquisition of supplies and services. The FAR Secretariat provides centralized support and coordination functions to the Civilian Acquisition Council and the Defense Acquisition Regulatory Council. Develops and conducts acquisition/contracting career management programs and establishes and maintains a Contracting Officer Warrant program to ensure the development of qualified contracting personnel. Conducts intra- and inter-agency pre-award and post-award review of purchases and leases to ascertain that awards are in compliance with applicable laws, regulations and policies. This Office debars and suspends contractors who demonstrate a lack of integrity and trustworthiness and maintains the Governmentwide List of Parties Excluded from Federal Procurement and Nonprocurement Programs whose coverage has been expanded to communicate information to Federal, State and local Governments regarding judicial orders denying benefits to individuals for violations of Federal or State drug trafficking or possession laws, pursuant to Section 5301 of Public Law 100-690, the Anti-Drug Abuse Act of 1988. Responsible for compliance with Section 5164 of the Omnibus Trade and Competitiveness Act of 1988 which designated the metric system as the preferred system of weights and measures for U.S. Trade and Commerce. This office is in the process of finalizing and implementing guidelines for the agency which will be executed during calendar year 1990.

POLICY DIRECTION (Continued)

(5) Office of Operations and Industry Relations - Provides direction to regional operations, analytical support to the Administrator on regional issues, and special analyses at the Administrator's request. Develops and executes an outreach program with business and industry and maintains communication between the Administrator and trade associations, business groups and other industry organizations. The Business Service Centers (BSC) provide information, assistance and counseling to companies who are current or prospective commericial suppliers to GSA including small, minority and women and handicapped-owned businesses, as well as those firms located in disaster or labor surplus areas.

(6) Office of Small and Disadvantaged Business Utilization - Performs the following functions in carrying out the provisions of the Small Business Act (P.L. 95-507 and P.L. 100-656): Responsible for implementation and execution of the functions and duties under section 8 and 15 of the Small Business Act (P.L. 95-507); and responsible for the Competitive Demonstration Program and forecasting and goaling as set forth in the law. Develops and coordinates GSA policies and programs relating to the preferential procurement program. In accordance with Executive Order 12073, coordinates Governmentwide implementation of the Labor Surplus Area program. Provides primary staff support for GSA's member on the President's Committee for the Purchase from the Blind and Severely Handicapped and provides oversight of the handicapped programs in GSA. Provides policy direction and managerial oversight for the national business services program in the agency. Provides assistance to Historically Black Colleges and Universities, Minority Business Enterprise program, and Women Business Enterprise program.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes.

An increase of $717,000 and 11 work-years for the Office of Small and Disadvantaged Business Utilization funded in PBS prior to FY 1991.

An increase of $400,000 and 2 work-years for the Office of Acquisition Policy to provide for expansion of the Governmentwide List of Parties Excluded from Federal Procurement or Non-procurement Programs, relative to the implementation of Section 5301 of P.L. 100-690, the Anti-Drug Abuse Act of 1988, pertaining to the denial of Federal benefits for certain drug offenders.

An increase of $3,800,000 and 86 FTE for financing the Business Service Centers and Legal programs funded as reimbursable prior to fiscal year 1991.

An increase of $800,000 for payment to GSBA for centralized support services.

An increase of $563,000 necessary to maintain current operational levels, to be provided for, by reprogramming from the Administration activity.

Other Changes.

An increase of $550,000 for price escalations in non-personnel related costs.

An increase of $82,000 for an extra paid day.

An increase of $1,329,000 for part year and annualized cost of pay raise.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

POLICY DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $21,794,000. Supports 408 permanent and 432 total workyears.

12.0 Personnel Benefits - $3,794,000. Includes $2,644,000 for retirement contributions; $683,000 for health benefits; $38,000 for group life insurance; $97,000 for payment to the Employee Compensation Fund; $304,000 for FICA/Medicare contributions and $28,000 moving allowances associated with employee relocation.

13.0 Benefits for Former Personnel - $26,000. Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $693,000. Includes $674,000 in travel funds to provide management, direction, and control of the regional offices. Also includes $19,000 for motor pool travel.

22.0 Transportation of Things - $48,000. Provides for shipping charges covering records, equipment and other items.

23.1 Rental Payments to GSA - $2,516,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $1,074,000. Provides $383,000 for postage and fees; $428,000 for local and intercity telephone and $263,000 for other miscellaneous communications costs.

24.0 Printing and Reproduction - $851,000. Provides for the printing of issuances, forms, and other requirements.

25.0 Other Services - $2,724,000. Provides $750,000 for payments to GSA's IT Fund for data processing support; $12,000 for reimbursement to the Public Health Service for health room costs; $50,000 for payment for building security; $814,000 for miscellaneous commercial contract services; and $1,098,000 for payments to GMBA for centralized support services.

26.0 Supplies and Materials - $552,000. Provides for administrative office supplies and materials.

31.0 Equipment - $744,000. Provides for the purchase of administrative and ADP equipment.

POLICY DIRECTION
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
A. Legal Services				
1. Long Term Cases..................................	1,884	2,232	2,400	8%
2. Short Term Workload..............................	13,842	14,000	14,600	4%
B. Ethics and Civil Rights				
1. EEO Complaints Filed.............................	73	80	88	10%
2. Final Agency Decisions...........................	14	20 *	25	25%
3. Full Relief, ADEA, and Noncompliance Reviews and Decisions..	23	30	35	17%
4. Financial Disclosure Reports (SF-278).............	300	300	300	-
5. Actions - Short Term (Oral and written opinions, waivers and correspondence with Ofc of Gov't Ethics	1,450	1,450	1,450	-

* Fourteen cases pending hearing at the Equal Employment Opportunity Commission (EEOC) at the end of FY 1989.

POLICY DIRECTION
OPERATIONS AND INDUSTRY RELATIONS
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
1. Business Service Centers				
a. Counseling Actions..........................	138,000	150,000	150,000	-
b. Bids Received and Safeguarded..............	38,620	40,000	40,000	-
c. Bid Opening.................................	2,000	3,000	3,000	-
d. Invitations for Bids Issued................	31,222	40,000	40,000	-
e. Specifications Issued......................	21,000	21,000	21,000	-
f. Bidders Mailing List Applications Issued...	66,200	70,000	70,000	-
g. New Item Applications Processed............	600	700	700	-
h. Freedom of Information Requests Handled....	1,600	1,700	1,700	-
i. Responses to Congressional Inquiries.......	580	600	600	-
j. Subcontracting Plans Reviewed..............	510	1,000	1,000	-
k. Market Surveys Completed...................	25	50	50	-
l. Set Aside Evaluations Performed (GSA 2089).	955	1,000	1,000	-
m. Procurement Conferences (Participation)....	190	200	200	-

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

COMPTROLLER
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Comptroller	999	$54,488	1,000	$53,914	145	$8,984	-855	-$44,930	-855	-$48,321	-	$3,391

BACKGROUND

This activity provides for budgetary policy and liaison activities; management, review and oversight of financial management systems; and accounting services in defense of Indian tribal claims.

JUSTIFICATION

A. HIGHLIGHTS

(1) Immediate Office - The Comptroller provides for overall GSA financial and budgetary policy and liaison activities with Congress, OMB and other Federal agencies and program supervision for the GSA Office of Budget, Office of Financial Management Systems and the reimbursably funded Office of Finance.

(2) Office of Budget - This Office carries out responsibilities in centralized budget administration to ensure maximum utilization of available resources. Specifically, the Office of Budget recommends overall budgetary policies and prescribes guidelines and procedures within which budget operations throughout GSA will be administered and provides liaison with other offices within GSA, the Office of Management and Budget, and Appropriation and other Congressional Committees and their staffs on budgetary matters; performs final review of all budget estimates, both annual and supplemental, for conformance with policies and guidelines, technical accuracy and impact; analyzes, reviews and processes financial plans, apportionment and reapportionment requests as well as reviews legislation and regulations for budgetary impact; monitors and controls fund allocations, obligations, and outlays to prevent violation of the Antideficiency Act; controls agency workyear ceilings; conducts analyses and special studies of all program areas to evaluate performance and possible alternative methods of effective resource allocation and utilization and constantly reviews program progress against approved plans and current policies, recommending appropriate changes in plans or operations when necessary; and administers the Agency's commercial activities program and other privatization efforts.

(3) Office of Indian Trust Accounting - This Office consists of management and administrative functions that provide accounting, records management, and other support incident to adjudication of Indian Tribal Claims by the United States Court of Claims as assigned by the Department of Justice.

(4) Office of Financial Management Systems - This Office is responsible for verifying the accuracy of the Agency's financial management information and working to improve the quality of that information. The office is responsible for the independent validation and verification of the information produced by the Agency's financial management information system. This responsibility includes the oversight of the Agency's compliance with OMB Circular A-127. Additionally, it is responsible for implementing and overseeing the Agency's executive control processes, including responsibility for developing and implementing the strategic planning process, coordinating and overseeing the development of measurable goals and objectives, and the conduct of General Management Reviews.

COMPTROLLER (Continued)

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes.

An increase $319,000 for payment to GMBA for centralized support services.

A decrease of 865 FTE and $49,882,000 related to the conversion of the internal accounting support functions from direct to reimbursable funding. This change of funding and FTE is offset by like amounts in the budget justification for the reimbursable program. The conversion of accounting support from direct to reimbursable funding will permit the GSA revolving funds to more closely reflect the cost of doing business in their pricing policies which is in line with the movement of the agency toward industrial funding of its activities in all areas where practical. The directly appropriated accounts have been credited with additional resources sufficient to pay for the financial services rendered.

An increase of $1,242,000 necessary to maintain current operational levels, to be provided for, by reprogramming from the Administration activity.

Other Changes.

An increase of $1,426,000 for price escalations in non-personnel related costs.

An increase of $167,000 for an extra paid day.

An increase of $1,798,000 for part year and annualized cost of pay raise.

COMPTROLLER
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $6,436,000. Supports 139 permanent and 145 total workyears.

12.0 Personnel Benefits - $900,000. Includes $627,000 for retirement contributions; $162,000 for health benefits; $9,000 for group life insurance; $31,000 for payment to the Employee Compensation Fund and $71,000 for FICA/Medicare contributions.

13.0 Benefits for Former Personnel - $12,000. Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $98,000. Includes $97,000 in travel funds to provide management, direction, and control of the regional offices in the areas of finance and budget. Also includes $1,000 for motor pool travel.

22.0 Transportation of Things - $1,000. Provides for the transportation of household goods associated with the transfer of personnel and for shipping charges covering records, equipment, and other items.

23.1 Rental Payments to GSA - $529,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $295,000. Provides $126,000 for postage and fees; $160,000 for local and intercity telephone and $9,000 for other miscellaneous communications costs.

24.0 Printing and Reproduction - $51,000. Provides for the printing of issuances, forms, and other printing requirements.

25.0 Other Services - $510,000. Provides $10,000 for payments to GSA's IT fund for data processing support; $3,000 for reimbursement to the Public Health Service for health room costs; $6,000 for payment for building security; $116,000 for commercial contract services; and $375,000 for payments to GM&A for centralized support services.

26.0 Supplies and Materials - $57,000. Provides for administrative office supplies and materials.

31.0 Equipment - $95,000. Provides for the purchase of administrative and ADP equipment.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

ADMINISTRATION
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Administration	602	$36,051	609	$39,632	642	$42,926	33	$3,294	33	$1,007	-	$2,287

BACKGROUND

The Office of Administration is responsible for the planning, implementation and coordination of all GSA activities related to personnel and organizational management, including labor relations, training, organization improvement, cost reduction, productivity measurement and the procurement of management consultant services by contract.

Develops policies and provides for the overall coordination and delivery of essential office support services, including mail, property, printing, space, telecommunications and the procurement of supplies and services. Administers the General Management and Administration and Allowances and Office Staff for Former Presidents appropriations and the Working Capital Fund.

Administers the Congressional Furnishings program for the U.S. Senate and the House of Representatives. Services include procuring furniture, furnishings, maintaining inventories, disposing of property, coordinating space, telephone, parking services, and performing other services as requested for the Members' State and district offices.

JUSTIFICATION

A. HIGHLIGHTS

(1) Associate Administrator for Administration - Provides overall supervision and direction of Office of Administration programs, as well as analytical and resource management support for the Office of the Administrator and the Staff Offices.

(2) Personnel - Develops, implements and administers a nationwide personnel management system that is consistent with applicable laws and regulations. Specific functions include: staffing, recruiting, training, career development, employee relations, position classification, performance appraisal, merit pay and evaluation of personnel management. Responsibilities also consist of developing, implementing and maintaining an automated Personnel Information Resources System (PIRS) that supports day-to-day personnel operations and provides workforce information to support agency programs in the areas of personnel, civil rights, training and security; provides information required by OPM and EEOC and provides information needed for position control, organization production and manpower utilization.

(3) Administrative Services - Provides for the agencywide management of GSA's administrative operations including telecommunications, motor vehicles, mail, property, space, procurement and other administrative services. Responsible for the continuity of GSA's regulatory initiatives. Develops policies for and administers the management of the Agency's Freedom of Information Act (FOIA), Privacy Act, reports, records, forms, and directives programs. Provides administrative support to over 1,300 Congressional and district offices. Also, provides for maintenance and operation of the GSA Headquarters building.

ADMINISTRATION (Continued)

(4) Management Services - Serves as liaison with the General Accounting Office (GAO) and Office of Inspector General for monitoring and coordinating the implementation of internal and contract audit recommendations as required by law. Develops, implements and ensures agency compliance with policies and procedures pertaining to personnel, industrial physical and document security. Develops and ensures implementation of policy and procedures to ensure agency compliance with OMB Circular A-123 and Section 2 of the Federal Managers Financial Integrity Act of 1982. Develops, implements and administers a nationwide training system. Plans and administers programs in organization, internal delegations of authority, position management, productivity, and quality improvement. Provides a system for coordinating and controlling consulting service contracts and GSA committee management actions. Responsible for coordinating Governmentwide initiatives assigned to the GSA Administrator and serves as the Committee Management Secretariat pursuant to the Federal Advisory Committee Act of 1972, P.L. 92-463.

(5) Regulatory Information Service Center (RISC) - Responsible for compiling and analyzing data on both Governmentwide and agency-specific Federal regulatory information resources management and statistical activities. Establishes, updates and maintains the Regulatory Information System. Produces monthly Federal Register statistics reports. Responds to special requests from the public and private sector for information on Federal regulatory activities.

(6) Cooperative Administrative Support Unit (CASU) - CASU's are designed to consolidate common support serves (e.g., mail, copy center, printing, etc.) in locations where several agencies are currently providing these services independently. GSA is responsible for marketing the CASU concept, for identifying and selecting potential sites and users, assisting in establishing tenant boards for local CASU management, providing on-going assistance to established CASU's, developing Governmentwide policies and regulations pertaining to the CASU program as well as developing guidelines for the conduct of CASU program reviews to ensure continued program effectiveness.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes.

An increase of $1,414,000 and 33 work-years for financing the CASU and intra-agency training programs funded in GM&A, reimbursable prior to fiscal year 1991.

An increase of $1,300,000 for payment to GM&A for centralized support services.

A decrease of $1,805,000 for reprogramming to the Policy Direction and Comptroller activities necessary to maintain current operational levels.

Other Changes.

An increase of $887,000 for price escalations in non-personnel related costs.

An increase of $126,000 for an extra paid day.

An increase of $1,274,000 for part year and annualized cost of pay raise.

ADMINISTRATION
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation - $22,477,000. Supports 602 permanent and [illegible] total workyears.

12.0 Personnel Benefits - $4,246,000. Includes $2,972,000 for retirement contributions; $745,000 for health benefits; $43,000 for group life insurance; $318,000 for Medicare and FICA; $144,000 for payment to the Employee Compensation Fund and $24,000 for moving allowances associated with employee relocation.

13.0 Benefits for Former Personnel - $99,000. Provides for pensions, annuities, and other benefits for former personnel.

21.0 Travel and Transportation of Persons - $700,000. Includes $682,000 for travel in support of this program and $18,000 for motor pool services.

22.0 Transportation of Things - $40,000. Provides for shipping charges covering records, equipment and other items.

23.1 Rental Payments to GSA - $3,330,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - [illegible]. Provides [illegible] for postage and fees; $410,000 for local and intercity telephone, $627,000 for data transmission and other miscellaneous communications costs.

24.0 Printing and Reproduction - $915,000. Provides for wage board schedules, classification guides, printing of forms, inventory reports and procedural guides and manuals.

25.0 Other Services - $7,142,000. Includes $1,300,000 for payments to GSA's IT Fund for the PIRS system and other data processing support; $2,994,000 for commercial contract services; $1,000,000 associated with Regulatory Information Service Center; $19,000 for reimbursement to the Public Health Service for health room costs; $45,000 for payment for building security; and $1,784,000 for payments to GSA for centralized support services.

26.0 Supplies and Materials - $973,000. Provides for administrative office supplies and materials, and technical publications.

31.0 Equipment - $1,300,000. Provides for the purchase of administrative and ADP equipment.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

ADMINISTRATION
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
1. Personnel				
a. SF 50 actions processed	16,143	16,000	16,000	-
b. Accessions	3,304	4,000	4,000	-
c. Separations	3,107	4,500	4,500	-
d. Disciplinary/adverse actions	700	700	700	-
e. Grievances/arbitrations	302	275	275	-
f. Unfair labor practices	50	50	50	-
2. Organization and Management				
a. Delegations of Authority	19	20	20	-
b. Organization proposals	43	70	75	7%
c. Committee management actions	31	40	45	13%
d. Consulting services contract actions	19	20	25	25%
3. Training				
a. Instances of training	26,000	28,000	28,000	-
4. Administrative Programs and Support				
a. Number of Congressional offices supported	1,361	1,365	1,370	-
b. Mail handled (pieces in millions)	11	11	11	-
c. Directives cleared and prepared (thousands of pages)	101	105	110	5%
d. Space managed (millions of square feet)	14.3	14	14	-
e. Number of FOIA requests processed	1,850	1,995	2,470	24%
5. Committee Management Secretariat				
a. Consultations processed	150	150	150	-
b. General inquiries processed	100	200	200	-
c. Committees reviewed	1,000	1,000	1,000	-
d. Training sessions conducted	2	4	4	-

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

ADMINISTRATION
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
6. Audit Resolution (including inspections)				
a. Internal Audits (GAO/IG)				
Reports received	385	410	430	5%
Reports resolved	395	415	435	5%
Reports pending	175	170	165	-3%
Action items opened	3,040	3,210	3,370	5%
Action items closed	3,180	3,300	3,465	5%
b. External Audits (IG contract audits)				
Reports received	536	560	590	5%
Reports resolved	505	534	550	3%
Reports closed	516	540	565	5%
7. Internal Security				
a. Physical security				
Physical security reviews	10	8	4	-50%
Technical assistance actions	212	255	258	1%
b. Personnel Security				
Surveys/Inspections	10	6	6	-
Personnel security and suitability cases closed	2,898	2,000	2,000	-
Training courses developed or revised	1	-	-	-
Number of students trained	18	20	20	-
8. Management Control				
a. Risk assessments	42	57	50	-12%

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

BOARD OF CONTRACT APPEALS
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Board of Contract Appeals	40	$3,056	42	$3,053	55	$4,019	[illegible]	$966	13	$763	-	$203

BACKGROUND

The Board of Contract Appeals was established within GSA as an independent administrative trial court pursuant to the provisions of the Contract Disputes Act of 1978 (P.L. 95-563). In accordance with this Act, the Board has responsibility to hear and decide disputes brought by contractors which relate to Government contracts awarded by GSA and other Government agencies and commissions. In addition, the Board serves as an administrative trial court for resolution of ADP bid protests under the Competition in Contracting Act, Title VII of the Deficit Reduction Act (P.L. 98-369). The Board also is an administrative trial court pursuant to the requirements of the Administrative Procedures Act for suspension and debarment matters and conducts proceedings with respect to post employment restrictions pursuant to the Ethics in Government Act.

JUSTIFICATION

A. HIGHLIGHTS

(1) Judicial Division - Hears, considers, and decides appeals under the provisions of the Contracts Disputes Act of 1978, delegations of authority, regulations or rules of the Board, and protest actions pursuant to the Competition in Contracting Act of 1984, as amended.

(2) Board Counsel - Provides all legal counsel for the Board; provides liaison on legal matters with other Federal agencies; reviews contract actions and provides overall legal assistance in preparing, hearing, and deciding cases before the Board including serving as hearing examiners.

GSA Suspension and Debarment Board - Members of the Judicial Division and Board Counsel serve as hearing examiners of the GSA Suspension and Debarment Board pursuant to the Federal Acquisition Regulations System.

Administrative and Technical Services Division - Provides administrative and technical support, including the services of the Clerk of the Board.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes.

An increase of $842,000 and 13 work years for a Law Clerk program to perform research for judges of procedural motions, discovery matters and evidentiary questions, as well as substantive issues regarding the merits of appeals and protests.

An increase of $121,000 for payment to GM&A for centralized support services.

Other Changes.

An increase of $74,000 for price escalations in non-personnel related costs.

An increase of $9,000 for an extra paid day in FY 1991.

An increase of $120,000 for part year and annualized cost of pay raise.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

BOARD OF CONTRACT APPEALS
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation - $2,447,000. Supports 55 permanent and total workyears located in Central Office only.

12.0 Personnel Benefits - $401,000. Includes $289,000 for retirement contributions; $70,000 for health benefits; $9,000 for payment to the Employees Compensation Fund; $30,000 for Medicare/FICA benefits and $3,000 for group life insurance.

21.0 Travel and Transportation of Persons - $48,000. Provides for necessary travel associated with case adjudication.

23.1 Rental Payments to GSA - $334,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $208,000. Provides for $29,000 for postage and fees; $70,000 for local and intercity telephone and teletype service and $109,000 for equipment rental and other miscellaneous communications costs.

24.0 Printing and Reproduction - $13,000. Provides for the printing of forms, materials and reports necessary to carry out the functions of the Board.

25.0 Other Services - $378,000. Provides $143,000 for commercial court reporting services; $55,000 for ADP equipment maintenance contracts and technical support; $39,000 for WESTLAW usage; and $141,000 for payments to GMBA for centralized support services.

26.0 Supplies and Materials - $61,000. Provides for the purchase of administrative supplies and materials.

31.0 Equipment - $49,000. Provides for the purchase of administrative and ADP equipment.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

BOARD OF CONTRACT APPEALS
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
1. Appeals				
a. Cases received..................................	258	300	350	17%
b. Cases closed....................................	354	350	420	20%
c. Cases pending/backlog...........................	491	441	371	-16%
2. Bid Protests				
a. Cases received..................................	362	400	450	13%
b. Cases closed....................................	335	400	450	13%
c. Cases pending/backlog...........................	94	94	94	-

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

GRANT PROGRAM
(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Grant Program	-	-	-	$12,984	-	-	-	-$12,984	-	-$12,984	-	-

BACKGROUND

The Grant Program was authorized and appropriated $13,152,000 by Public Law 101-136 which was subsequently reduced by $168,000 pursuant to P.L. 99-177. This activity provides grants for the following projects:

Rochester Institute of Technology, Rochester, New York, to establish a strategic materials research center.

Michigan Technological University, Houghton, Michigan, for construction of a center for applied metallurgical, minerals, and materials research.

University of Maryland, College park, Maryland, to establish a center for strategic man-made materials.

University of Hawaii, Manoa, Hawaii, for a strategic materials research facility.

University of Texas, El Paso, Texas, for a grant study and facilitate the development and transfer and installation of strategic materials technologies among American industries.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes.

A decrease of $12,984,000 for the grant program.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

SUMMARY OF EMPLOYMENT
(Number of Work-Years)

Principal Categories	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Change from 1990 to 1991		
				Total	Program	Other
Management and Administrative Direction................	492	493	376	-117	-117	-
Professional..	406	407	319	-88	-88	-
Technical...	599	600	160	-440	-440	-
Clerical..	444	444	349	-95	-95	-
Sub-Total	1,941	1,944	1,204	-740	-740	-
Part-Time and Temporary	50	70	70	-	-	-
Total	1,991	2,014	1,274	-740	-740	-

GENERAL SERVICES ADMINISTRATION

GENERAL MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of agency management of activities under the control of the General Services Administration, and general administrative and staff support services not otherwise provided for; for providing accounting, records management, and other support incident to adjudication of Indian Tribal Claims by the United States Court of Claims, and services authorized by 5 U.S.C. 3109; [$124,297,000] $90,555,000, of which $800,000 shall be available only for, and is hereby specifically earmarked for personnel and associated costs in support of Congressional District and Senate State offices: Provided, That this appropriation shall be available, subject to reimbursement by the applicable agency, for services performed for other agencies pursuant to subsections (a) and (b) of section 1535 of title 31, United States Code: Provided further, That not to exceed $5,000 shall be available for official reception and representation expenses[: Provided further, That for the fiscal year ending September 30, 1990, in addition to funds previously appropriated to General Management and Administration, there is hereby appropriated $13,152,000 to remain available until expended, to be allocated as grants for the following projects:

(a) Rochester Institute of Technology, Rochester, New York, to establish a strategic materials research center, $1,500,000;

(b) Michigan Technological University, Houghton, Michigan, for construction of a center for applied metallurgical, minerals, and materials research, $5,000,000;

(c) University of Maryland, College Park, Maryland, to establish a center for strategic man-made materials, $1,500,000;

(d) University of Hawaii, Manoa, Hawaii, for a strategic materials research facility, $1,000,000; and

(e) University of Texas, El Paso, Texas, for a grant to study and facilitate the development and transfer and installation of strategic materials technologies among American industries, $4,152,000]. (Independent Agencies Appropriations Act, 1990.)

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

The appropriation language change recommended for FY 1991 removes the language which allocated the $13,152,000 in budget authority for the grant program during fiscal year 1990.

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
1990 Level of Reimbursable Service..	259	270	$26,500
1991 level of Reimbursable Service..	1,025	1,036	$76,983
Changes from 1990 to 1991..	+766	+766	+$50,483

DIGEST OF BUDGET ESTIMATES FOR FISCAL YEAR 1991

	Obligations						Increase or Decrease (-) for FY 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Policy Direction....	116	$6,952	121	$8,867	65	$9,117	-56	$250	-56	-	-	$250
2. Comptroller..........	42	1,339	53	4,154	908	54,100	855	49,946	855	49,882	-	64
3. Administration......	93	10,261	96	13,459	63	13,746	-33	287	-33	-	-	287
4. Board of Contract Appeals............	-	3	-	20	-	20	-	-	-	-	-	-
Total..................	251	$18,555	270	$26,500	1,036	$76,983	766	50,483	766	49,882	-	601
Permanent Positions....	259		259		1,025		766		766		-	

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

The reimbursable program for FY 1991 is estimated to be $76,983,000, an increase of $50,483,000 from the FY 1990 level. A detailed justification follows.

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO 1991
(Dollars in Thousands)

	Policy Direction		Comptroller		Administration		Board of Contract Appeals		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
PROGRAM CHANGES										
1. Realignment of programs between direct and reimbursable........	-66	-	865	$49,882	-33	-	-	-	766	$49,882
TOTAL, PROGRAM CHANGES	-66	-	865	$49,882	-33	-	-	-	766	$49,882
OTHER CHANGES										
3. Price escalations in non-personnel costs..	-	$99	-	$9	-	$203	-	-	-	$311
4. Full-year cost of 1990 pay raise..........	-	121	-	49	-	76	-	-	-	246
5. Extra paid day......	-	30	-	6	-	8	-	-	-	44
TOTAL, OTHER CHANGES	-	$250	-	$64	-	$287	-	-	-	$601
TOTAL CHANGES, 1990 to 1991..................	-66	$250	865	$49,946	-33	$287	-	-	766	$50,483

GENERAL MANAGEMENT AND ADMINISTRATION
Advances and Reimbursements

(Dollars in Thousands)

	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Reimbursable	251	$18,555	270	$26,500	1,036	$76,983	766	$50,483	766	+$49,882	-	+$601

BACKGROUND

Section 601 of the Economy Act of 1932, as amended, provides basic authority for reimbursable services to be performed by Government agencies. In accordance with this authority, the General Services Administration provides reimbursable staff support services as described below:

JUSTIFICATION

A. **HIGHLIGHTS**

(1) **Policy Direction:**

a) **Legal Services** - Provides legal services to National Archives and Records Administration (NARA), field offices, small agencies, and Presidential boards, committees and commissions.

b) **Operations and Industry Relations** - Provides the functions of Contract Clearance and Procurement Management Review(CC/PMR) for GSA organizations. The CC/PMR function reviews regional contracting operations including leasing, sales, and contract administration for compliance with applicable laws, regulations and procedures. Additionally, administers and holds national Partnership in Administration (PIA) conferences which gives federal agencies an opportunity to promote goods and services that they provide to other federal agencies through exhibits and seminars. Provides administrative and procurement services to independent commissions and small agencies.

c) **Graphics** - Provides comprehensive graphics services to all organizations within GSA and to Presidential commissions and committees, including the development and establishment of standards and criteria governing the provisions of graphics services.

d) **Executive Direction** - Participates in the Intergovernmental Personnel Act (IPA) program which provides the opportunity to enhance management level employees knowledge of the policy and operating environments found in a major state or local government agency having broad responsibilities for highly complex programs. Expands their knowledge of the nation's federal system and contributes to the improvement of decision making managers in executing GSA's diverse missions.

(2) **Comptroller:**

(a) **Office of Finance** - This Office is responsible for the design, development, maintenance and operation of GSA's major accounting system, the National Electronic Accounting and Reporting (NEAR) System. Basic activities include billing, collecting, paying, reporting and payrolling for approximately 111 annual, transfer, no-year appropriations, revolving funds and trust fund accounts. The Office of Finance also reviews all contracts to minimize financial risk and otherwise protect the Government's interests and executes the financial provisions of contracts and other obligations held by the Government. Additionally, provides accounting and financial support through cross-servicing agreements to more than 50 independent commissions, committees, study groups and special offices created by the President and Congress. Agreements are negotiated annually between each commission/agency and GSA.

JUSTIFICATION

A. HIGHLIGHTS

(2) Comptroller continued:

(b) Office of Financial Management Systems - This Office is responsible for the tracking of results and the development and maintenance of ExecuTrac (a state-of-the-art executive information system) for the agency. The organization also directs the periodic review of the financial results of the various revolving funds and prepares reports to the Office of the Administrator on such results. Additionally, it is responsible for development and maintenance of the Executive Information System for the President's Council for Management Improvement (PCMI). This system is designed to provide status as well as summary data, graphs, objectives, and key program issues designated by the Council.

(3) Administration:

a) Personnel - Provides personnel support services to independent commissions and special offices created by the President and Congress.

b) Administrative Services - Provides for the reimbursement of the cost of furniture and furnishings purchased by GSA for Members of Congress in State (Senate) and District (House) offices.

c) Management Services - Provides, on a nationwide basis, a reimbursable interagency training program.

d) Cooperative Administrative Support Unit (CASU) - CASU's are designed to consolidate common support services (e.g., mail, copy center, printing, etc.) in locations where several agencies are currently providing these services independently.

(4) Board of Contract Appeals - Provides support in the adjudication of disputes related to Government contracts entered into by the Departments of Treasury, Commerce, Education and other Government agencies and commissions.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Program Changes

A net increase of 766 FTE and $49,882,000 consisting of an increase of 855 FTE and $49,882,000 related to the conversion of the internal accounting support functions from direct to reimbursable funding, offset by a decrease of 89 FTE related to activities previously funded as reimbursable, which have been requested as increases in the direct program for FY 1991. These changes of funding and FTE are offset by like amounts in the budget justification for the direct program. The conversion of accounting support from direct to reimbursable funding will permit the GSA revolving funds to more closely reflect the cost of doing business in their pricing policies which is in line with the movement of the agency toward industrial funding of its activities in all areas where practical. The directly appropriated accounts have been credited with additional resources sufficient to pay for the financial services rendered.

Other Changes

An increase of $311,000 is included for price escalations in non-personnel related costs.

An increase of $246,000 for the full-year cost of the FY 1990 pay raise.

An increase of $44,000 for an extra paid day in FY 1991.

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.9 Personnel Compensation and Staffing - $35,020,000. Supports 1,025 permanent and 1,036 total workyears.

12.1 Personnel Benefits - $6,660,000. Provides $4,269,000 for retirement contributions; $1,865,000 for health benefits; $440,000 for Medicare/FICA benefits and $86,000 for group life insurance.

13.0 Benefits for Former Personnel - $97,000. Provides for pensions, annuities, and other benefits for former personnel.

21.0 Travel and Transportation of Persons - $793,000. Provides $781,000 for travel in support of the Congressional Support Program, the GSA nationwide training program, the Contract Clearance function, the CASU program and the Office of Finance. Also provides $12,000 for motor pool services.

22.0 Transportation of Things - $246,000. Provides for shipping charges covering furniture, furnishings, equipment, training material, and other items.

23.1 Rental Payments to GSA - $4,235,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $2,400,000. Provides $630,000 for postage and fees; $1,349,000 for local and intercity telephone; $220,000 for other miscellaneous communication costs associated with the accounting and payroll system; and $201,000 for payments of miscellaneous support costs associated with the Congressional Support Programs.

24.0 Printing and Reproduction - $1,786,000. Provides for the printing of GSA orders, regulations, directives, training material and other printing and reproduction requirements.

25.0 Other Services - $22,491,000. Provides $9,400,000 for payments to GSA's IT fund for data processing support; $5,200,000 for commercial contractor support services for payroll processing and ADP timesharing; $7,891,000 for payments to commercial contractors and other Government agencies for health services, training and other miscellaneous contractual services.

26.0 Supplies and Materials - $1,155,000. Provides for administrative office supplies and materials.

31.0 Equipment - $2,100,000. Provides for the purchase of ADP and other operating and administrative equipment.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

POLICY DIRECTION
OPERATIONS AND INDUSTRY RELATIONS
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
1. Acquisition Management				
a. Pre-award Contract Reviews....................	1,050	1,100	1,100	-
b. Post-award Contract Reviews...................	300	300	300	-

COMPTROLLER
OFFICE OF FINANCE
SELECTED WORKLOAD DATA

Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent of Change Over FY 1990
Financial Management and Accounting				
a. INVOICE PAYMENTS..............................	1,641,653	1,641,700	1,641,700	-
b. BILLINGS PROCESSED............................	386,820	386,800	386,800	-
c. EMPLOYEES PAYROLLED				
Average number of employees..................	29,327	29,300	29,300	-

ANALYSIS OF AUTHORIZED LEVEL FOR FY 1991
(Dollars in Thousands)

Income/Cost Comparison -- Summary	FY 1989 Actual	FY 1990 Program	Change FY 1990 vs FY 1991	FY 1991 Request
Income......................	$29,244	$27,652	($1,470)	$26,182
Expenses....................	28,498	27,172	($1,470)	25,702
Profit......................	$746	$480	-	$480
Net Outlays.................	$1,502	-	-	-

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	OBLIGATIONS						INCREASE or DECREASE for FY 1991					
	FY 1989 Actual		FY 1990 Program		FY 1991 Request		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Total Obligations..	296	$28,498	295	$27,172	294	$25,702	-1	-$1,470	-	-	-1	-$1,470
Permanent Positions....	293		286		286		-		-		-	

SUMMARY JUSTIFICATION OF 1991 BUDGET ESTIMATES

The total obligations for FY 1991 are projected to be $25,702,000. This represents a decrease of $1,470,000 compared to the level programmed for FY 1990. The anticipated savings is the net result of reduced equipment rental/maintenance cost and lower supply expenses. It is estimated that the fund will save approximately $2,457,000 in this area in FY 1991. The savings will be the result of the establishment of a Cost Per Copy program nationwide during the fiscal year.

The savings achieved will be offset by increased costs in other categories during FY 1991: Net increase in Personnel Compensation and Benefits $206,000; payments to the General Management and Administration for centralized support services $673,000; inflation on Non-Personnel Costs $108,000.

WORKING CAPITAL FUND

SUMMARY EXPLANATION OF CHANGES FROM FY 1990 TO FY 1991

(Dollars in Thousands)

	Work Years	Amount
Other Changes:		
Full Year Cost of Fy 1990 Pay Raise	-	$220,000
Extra Paid Day	-	36,000
FTE Reduction Related to A-76 Study	-1	-50,000
Price Escalation for Non-Personnel Costs	-	108,000
Payment to GMBA for Centralized Support Services	-	673,000
Anticipated Savings Related to Cost Per Copy Program	-	-2,457,000
Total Other Changes	-1	-1,470,000
TOTAL CHANGES, FY 1990 TO 1991	-1	-1,470,000

WORKING CAPITAL FUND

BACKGROUND

The Working Capital Fund (WCF) was initially authorized in the Independent Office Appropriation Act, 1946 (P.L. 79-49; 40 U.S.C. 293). Operation of printing and duplicating plants requires approval of the Administrator of GSA, and printing plants require the further approval of the Joint Committee on Printing, U.S. Congress. Operation of a field plant may be undertaken by GSA if it has a major interest, or by another Government agency under arrangement with GSA and subject to GSA regulations. The fund is currently capitalized at $1,200,000 without fiscal year limitations for the payment of salaries and expenses necessary for the operation and maintenance of centralized printing, duplicating, photocopying, and distribution activities. Customer reimbursements generate income and, after deducting expenses and making adequate provision for replacement of mechanical and other equipment, any excess funds are transferred to miscellaneous receipts of the Treasury.

JUSTIFICATION

CENTRALIZED PRINTING AND DUPLICATING OPERATIONS

The fund provides short-run, fast turn-around printing and duplicating services for GSA and other Government agencies in a sucessful and economical manner. Periodic samples of response time and costs of GSA's contracts reveal that GSA provides the service faster and at an average cost of approximately 50% less than the Government Printing Office (GPO) and other private sector contractors. Centralized printing or duplicating services are established only when such cost benefit analyses demonstrate positive Federal savings can be achieved. Plans for establishment of these services in new Federal buildings are coordinated with the Public Buildings Service during the initial design stage of the new construction project.

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.0 Personnel Compensation - $7,710,000. Supports 294 workyears.

12.1 Personnel Benefits - $1,387,000. Provides for retirement contributions of $485,000 ($302,000 FERS/ $183,000 CSRS) group life insurance, $284,000; FICA/Medicare contributions, $264,000; and health benefits $354,000.

21.0 Travel and Transportation of Persons - $94,000. For travel related to onsite inspection of facilities, Central Office management activities and travel associated with training, $84,000; and/or transportation of persons via motorpool $10,000.

23.1 Rental Payments to GSA - $2,137,000. For RENT costs payable to the Federal Buildings Fund.

23.3 Commun., Util, and Misc. Charges - $5,087,000. Provides for rental of reproduction equipment, $4,968,000; FTS, $35,000; other communications, $32,000; rental of operating equipment, $28,000; and $24,000 for rental of administrative equipment.

24.0 Printing and Reproduction - $1,223,000. Provides for publications, $917,000 as well as other printing and reproduction, $306,000.

25.0 Other Services - $2,214,000. Provides maintenance of printing equipment $238,000; other operating equipment, $104,000; commercial contracts, $89,000; payments to other funds and Government agencies, $68,000; $704,000 for payment to GM&A for Centralized Support Services; and $1,011,000 for payment of Central Office overhead expenses.

26.0 Supplies and Materials - $5,772,000. Provides operating supplies, $5,615,000; and other supplies related to program support, $157,000.

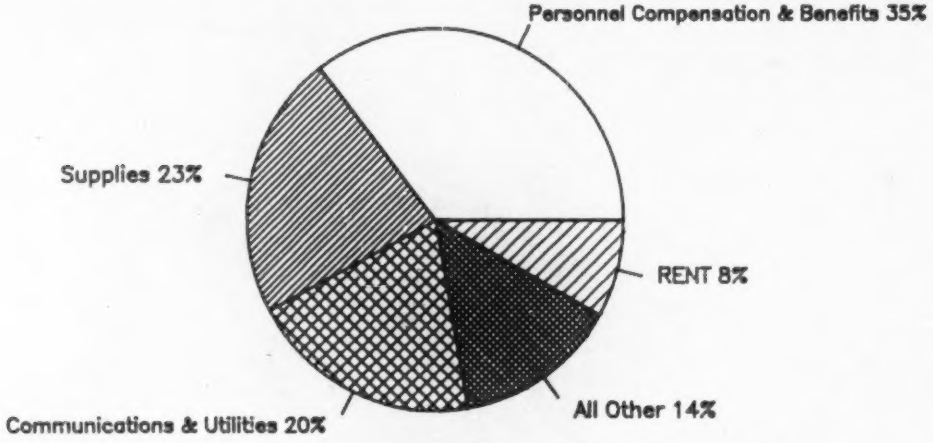
31.0 Equipment - $78,000. For equipment replacement and improvement during fiscal year 1991.

SELECTED WORKLOAD DATA

Activity and Principal Workload Factors	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Percent Change From FY 1990
*Printed Units (In Millions)...............	634.1	665.8	745.7	12%
Employment (Work Years)....	296	295	294	-
Units Produced per Work Year (In Millions)...............	2.14	2.26	2.53	12%
Requisitions Processed (In Thousands)..............	142.6	149.7	165.1	10%
Employment (Work Years)....	296	295	294	-
Requisitions Processed per Work Year...............	482	507	561	11%

* Represents units processed in 11 Printing Plants and 8 Duplicating Plants.

GENERAL SERVICES ADMINISTRATION
WORKING CAPITAL FUND
FY 1991 OBLIGATIONS
DISTRIBUTION BY MAJOR COST ELEMENT



COST ELEMENT	AMOUNT	PERCENT
Personnel Compensation & Benefits	$9,097,000	35%
Rent	$2,137,000	8%
Communications & Utilities	$5,087,000	20%
Supplies	$5,772,000	23%
All Other	$3,609,000	14%
TOTAL	$25,702,000	100%

WEDNESDAY, FEBRUARY 21, 1990.

FORMER PRESIDENTS

WITNESSES

RAYMOND A. FONTAINE, COMPTROLLER
WILLIAM B. EARLY, DEPUTY COMPTROLLER FOR BUDGET

Mr. ROYBAL. We will go on to the Allowances and Office Staff for Former Presidents account. We will insert the opening statement in the record.

[The information follows:]

STATEMENT BY MR. RAYMOND A. FONTAINE
COMPTROLLER, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman and Members of the Subcommittee:

I would like to briefly summarize the General Services Administration's 1991 budget request for the appropriation, Allowances and Office Staff for Former Presidents.

The appropriation for Allowances and Office Staff for Former Presidents provides for pensions and other allowances to which former Presidents and their widows are entitled under law. This budget request reflects an increase from FY 1990 of $156,000 from $1,808,000 to $1,964,000. The 1991 request will allow for continued funding of pensions, office staffs and related expenses for former Presidents Nixon, Ford, Carter and Reagan; as well as for the pension and franking privileges of Mrs. Johnson.

The increase consists of $89,000 for part year and annualized cost of increased pensions and $67,000 for price escalations in non-personnel costs.

This completes my summary statement, Mr. Chairman. We would be pleased to respond in greater detail to those areas of specific interest to the Subcommittee.

PAY RAISES

Mr. **Roybal**. What impact will the large executive pay increase have on this account?

Mr. **Fontaine**. Mr. Chairman, we were required to budget for the pay increase effective for 1990 and 1991 which increased the pensions for the former Presidents to the level of pay for cabinet members pursuant to the former Presidents act. Pensions increased from $99,500 to $105,350 in 1990 and $127,419 in 1991, effective the first pay period in January of 1990 and 1991.

There are four former presidents now. The pay increase was fully absorbed in the account in 1990 and half of the cost was absorbed in 1991.

Mr. **Roybal**. Yes.

Mr. **Fontaine**. I am sure you can appreciate that we are simply implementing a law that Congress enacted which provided for them to get this executive level pay raise.

STAFF SALARIES

Mr. **Roybal**. How much of a staff do they have, Mr. Fontaine?

Mr. **Fontaine**. Their staff varies. There was an annual cap of $96,000 on the staff salaries for each former president except for the first thirty months it is $150,000. The $96,000 has not been raised for years. So that does not buy a whole lot. Some of them have to have foundation or private money to support their staffs since the $96,000 is not always sufficient.

Mr. **Roybal**. $96,000 is for?

Mr. **Fontaine**. Salaries for their staff people.

Mr. **Roybal**. Staff people.

Mr. **Fontaine**. The annual salary limitation for a former presidents staff. It is separate from the pension.

Mr. **Roybal**. I see.

But it still comes out of the same budget?

Mr. **Fontaine**. The $96,000 for staff salaries and the pensions are in the same budget. But there is no increase in the budget for staff salaries since it is set at $96,000 by the Former Presidents Act and since their salary is capped, they do not get the pay raise. However, the act provides for the former presidents pension to be at the Cabinet level salary.

REVIEW OF EXPENSES

Mr. **Roybal**. Who is responsible for reviewing the pension of a former President?

Mr. **Fontaine**. I am. We budget for it pursuant to the act and provide for the monthly payment by Treasury.

Mr. **Roybal**. And is this account audited?

Mr. **Fontaine**. Yes.

Mr. **Roybal**. At least every year?

Mr. **Fontaine**. Not always every year. GAO periodically looks at it and our own Inspector General does, but it is basically pretty straight forward expenses. When you take the pension out and the staff salaries, we are down to rent, telephones, supplies, and travel. That is basically it.

Some things in these other categories are a judgment call. This is particularly true of travel by a former President. If they go to a State funeral, I will pay it. If they going to the Waldorf to make a speech for fund-raising, I will not pay that.

So I have to make some judgments when I see these things. Is it a function of a former President, or is it a private political fund-raiser?

FUNCTIONS OF FORMER PRESIDENTS

Mr. ROYBAL. Specifically what is the function of a former President and his staff?

Mr. FONTAINE: The staff assists the former President in fulfilling the functions under the Former Presidents Act. We will submit for the record a statement specifying the functions of former Presidents.

Mr. ROYBAL. That will be fine.

[The information follows:]

FUNCTIONS OF FORMER PRESIDENTS

Congress enacted the Former Presidents Act of 1958 which had the effect of creating a semi-public office of the ex-Presidency. Despite this span of time the roles of ex-Presidents have not changed substantially in recent years.

First, there are activities devolving upon him because he is a past President. As a former head of state, his services continue to be solicited. People continue to look to many former Presidents, placing obligations of time and expense upon them. The former heads of state are called upon to answer a large volume of letters involving a variety of matters, and to respond to requests for speeches from various groups and civic organizations.

The past Presidents sometimes provide information and advice to their successors in the White House, the Congress, and the general public through the media.

A significant ceremonial role of former Presidents has been attendance at state funerals.

Second, former Presidents also engage in activities which to a greater extent are voluntary on their part, involving educational and philanthropic enterprises.

Ex-Presidents also generally spend time planning and raising money for their Presidential archival depositories and museums.

Former Presidents most always write their memoirs. Despite their commercial aspects, these memoirs contribute to an understanding of a presidential administration.

Third, most ex-Presidents have remained active in their political party. They can be major fund raisers who draw important contributors to events designed to generate income for the party. None of the expenses involved in these fund raisers are paid from the former Presidents appropriation account.

Any of the other preceding functions that might involve expenses are covered by private funds or the former Presidents account as appropriate.

REVIEW OF EXPENSES

Mr. FONTAINE. I make judgements on the validity of certain expenses. An example is when some of the former Presidents went to Mr. Sadat's funeral. I viewed that as an official function. They were representing the President and so that was a legitimate expense from the former Presidents account so we paid their travel and per diem.

Mr. ROYBAL. Before they take a trip, do they clear it with you or your office before they do whatever they are going to be doing?

Mr. FONTAINE. They are not required to do so under the act but they usually do.

Mr. **Bill Early**. We usually develop good working relations with the staffs, since we do pay all the vouchers. So they usually are chatting with us as to their pending plans and that is where we can usually give advice.

In some cases, we have an agreement where the voucher will not come to us so we do not have to turn it down. In other cases, we see it, have not heard about it, and we have to act on it.

Mr. **Roybal**. It seems to me before anything is done, they should first find out if it can be properly funded

Mr. **Fontaine**. If it is in a gray area, they will usually call, Some are easier than others to deal with.

But if it is something they have not done before, or they want to make an expenditure for something they never purchased before, they will make a call and ask if it is legal. A lot of times it is legal, they are sensitive to public perception. The press can question the expenditure even if it is legal.

So, again, I would think in all cases they have some affiliation with either a university or a foundation or some private money, because I know the size of their staffs, and $96,000 per annum will not pay for all of these former President's staffs.

Mr. **Roybal**. Well, I think we are going to spend more time on this than on the entire budget.

Mr. Skeen?

Mr. **Skeen**. Mr. Chairman, I think that is exactly the point I was making. I am not seeking an argument with my colleagues or anybody else.

But if we gave as much attention to some of the other budget matters as we do to this small account here, then I think that every former President, regardless of party, probably has earned his allowances—and with the oversight that we have built into the system, I do not think it is abused.

For instance, this trip to Japan. Somebody should have made the statement that this is not costing the taxpayers anything. None of that was built into it. Of course, no one remembers that President Nixon pays his own Secret Service.

It is a very popular target, and I do not deny this. Maybe we do not do as good a job of explaining what we do here on this committee. And I get a little sensitive about it, because we can go on that floor with the best bill in the world, and it is always the President and former Presidents account that gets criticism because it is a popular target.

I do not know. Maybe we ought to do a better job of the way we explain how it is handled and what the oversight is. For instance, I do not think it is clearly understood that GSA has any oversight on the way that it is handled and that you make these judgments.

I am assuming from what you are telling me that there is a lot of discussion prior to any commitment that is made on a trip, or something of that kind, with your office about would it be approved or not.

Mr. **Bill Early**. In many cases, yes.

Mr. **Skeen**. Is that true? Is that normal?

Mr. **Bill Early**. Yes.

Mr. **Skeen**. And in your judgment, do the former presidents and their staffs use any kind of basic good judgment in qualifying these trips?

Mr. **Fontaine**. I would say in most cases.

Mr. **Skeen**. You do?

Mr. **Fontaine**. Yes.

COST OF THE SECRET SERVICE

Mr. **Skeen**. Again, the big expenses is Secret Service. It is not this account. This is peanuts compared to Secret Service.

Mr. **Bill Early**. The situation we have is that there is an authorizing act, and that is the basis of how we put the numbers together.

The Senate has introduced on numerous occasions modifications to that Act, and we feel the concerns of the Congress should be to modifying that Act, if that is what they feel is the right thing to do, rather than attacking the appropriations side of it and leaving the Authorization Act alone.

Mr. **Skeen**. Modify the Act.

Mr. **Fontaine**. I used to advise Senator Chiles to change the Act. The budget and the appropriation is based on the Former Presidents Act. I have to pay the bills. If there is a problem, this Act should be changed.

Mr. **Skeen**. Have they ever tried that?

Mr. **Bill Early**. They have introduced legislation in the Senate. Once or twice it has passed and came over here to the House. The initial problem, it was an omnibus act. It covered Secret Service. It covered the Archives. And it came to three different jurisdictional committees in the House and nothing could happen under this scenario.

So they finally got that worked out to where the Archives piece got pulled out, and that part did get passed, addressing and changing the act specifically on who owns the records, and the Government's role, and there has to be an account to help finance the operating cost of the libraries.

But while that did pass, the other parts of the Bill dealing with Secret Service and the Former Presidents benefits did not pass.

Mr. **Skeen**. They were all told to reduce the amount of support in the Secret Service?

Mr. **Bill Early**. Yes, sir. It was to modify, put some criteria on it, to put some life periods on it. We have even suggested on the floor that why not consider making changes relative to that draft act instead of just picking arbitrary numbers?

The intent of that was that through time, as a former President was further out of office, the benefits would reduce on a specified schedule.

Mr. **Fontaine**. The problem we are going to have is no administration I have ever seen will ever send up any legislation to change it. One, they do not want to admit they are not going to be re-elected, and they do not want any perception that the benefits are going to be better.

So anything that has to happen in this account is going to have to originate up here. You will not get one administration to send a bill up on this or the transition act. It will have to come from up here.

Mr. **Skeen**. Thank you.

Mr. **Roybal**. Mr. Wolf?

Mr. **Wolf**. I thank you, Mr. Chairman.

You know, what Joe said has a lot of merit. I have been on the committee now for five years and have never raised any question about this. I am not saying, really, that there is a problem that should be raised on the House floor.

On the other hand, when you compare how Mr. Truman went back to Missouri and threw his bags up in the attic with what happens today, if that does not bother people, then I am surprised.

I do not believe that anyone has greater reverence for the presidency than I do. I believe that perhaps the committee ought to do something, Mr. Chairman. Maybe the committee has been neglectful.

PAYMENT OF TRAVEL COSTS

I think that when you have a situation like last year's trip to Japan, it is a problem. Why were not all the expenses picked up by the host? Why did this Committee have to even pay for one expense?

What was the justification for that? There was no national interest. I am not questioning the prerogative of a former President having the right to make the trip, but why was the Government involved in paying for anything on the trip?

Mr. **Fontaine**. Again, I do not know all the details, but staff is entitled to travel on per diem when they travel with a former president. Why this one individual was not housed or fed by the Japanese or the company that may have been hosting this trip, I really do not know.

But he submitted a legitimate travel voucher and was entitled to per diem. I had no choice but to pay it.

Mr. **Wolf**. It does appear that it would not be unreasonable to say that when a trip is made for a private purpose, the individual should pay the expenses. This is one of those matters which go either way.

I kind of found myself in the middle looking for a little balance. If it is purely a private trip, what is wrong with having some stipulation that the whole trip would be paid for by the host, except obviously for the Secret Service.

What would be wrong with that? I mean if a person is going to be giving a speech somewhere and making money.

Mr. **Fontaine**. I would think it is a perception problem if you have a foreign Government pay for Secret Service, hotels and meals. I do not think they would ever want to go along with anything like that.

As far as staff of the former president, you are back in this gray area. They are never going to travel without staff.

Mr. **Wolf**. You said that they have a lot of staff that are not paid for by Government funds.

Mr. **Fontaine**. That is correct, there are some.

Mr. **Wolf**. Well that is the point. If they have staff—which they have to have and I respect that.

But if they do have staff that is paid for by private money, what would be wrong with having a staff person that travels be reimbursed by the host?

Mr. **Fontaine**. That is fine. I am talking about the people on the former president's payroll, out of this appropriation. I would not pay any of these kinds of expenses for people that are paid from the private sector funds.

Mr. **Wolf**. I understand. But what would be wrong if that person who is paid for out of Government money was reimbursed by the host? Clearly the purpose of that trip was business. It was to give a speech to make money. What would be wrong with having their per diem picked up by the host?

Mr. **Fontaine**. I have to assume—if we are talking again about the Japanese trip—that he took more than one with him. So I only got a bill for one. I do not know how many people he had with him. So I assume the Japanese did pick up all of them except one. I will check on that and submit the information for the record.

[The information follows:]

JAPAN TRIP

The travel and per diem costs in question for the one former Presidents staff member was furnished by a private source; therefore, the Former Presidents appropriation account did not incur any expenses related to the former Presidents, Japan trip.

NEED FOR AUTHORIZATION CHANGE

Mr. **Wolf**. Why don't you just come by my office, and we will talk about it. I disagree with you. I think there is a problem here.

I think that some people have a little bit of a problem with this. Again, I do not want to cut this account. I have never supported the Jacobs Amendment on the floor when it has come up.

Mr. **Fontaine**. Again, the way to go at it would be to change the authorization.

Mr. **Wolf**. What is the way?

Mr. **Fontaine**. By an authorization act.

Mr. **Wolf**. Well, but I am not on the authorization committee. [Laughter.]

Nobody on this committee is on the authorization committee. Why don't you send a draft bill up then for us to look at?

Mr. **Fontaine**. It would never see the light of day. I have been through that.

Mr. **Wolf**. Let the record show that I asked for a draft proposal from GSA. I am asking what you think we should do. That would be my guide. Why not submit some draft changes?

Mr. **Bill Early**. I do not believe that any of the draft legislation has ever been decoupled from the Secret Service. I would think that has been part of the problem.

There is certainly quite a concern in the age of terrorism of having a reduction in Secret Service.

Mr. **Wolf**. I am concerned about that, too.

Mr. **Bill Early**. But this part, the Secret Service, if it were separated from the other provisions, maybe it would have a better chance of being modified or adjusted.

Mr. **Wolf**. Why not submit something you think would be appropriate? Tell me what would be fair. I do not want to go to the point that would hurt the former Presidents. Why not honestly take a look at it?

If you in your wisdom really believe there are some changes needed that would not negatively affect a former President, let us know. I believe we should treat them with great deference and there ought to be an opportunity for them to be able to go out and speak to universities and do things like that because they have a lot of knowledge.

And let me tell you. I think, speaking as a Republican, I think what President Carter has done with regard to the hunger situation in Ethiopia and Sudan has been meritorious. It is positive.

I think history will judge that he perhaps has saved thousands of lives. If they are successful with regard to peace arrangements, there will be hundreds of thousands of Ethiopians who will live.

I know what he has done in Sudan. I worked with his office. I have been to Sudan. I was there twice last year. I am not criticizing and trying to strap them whereby they cannot do these things.

So maybe there ought to be guidelines. Maybe there ought to be an increase. But I think that a reasonable number of Members of the House and Senate and a reasonable number of American people believe there is a problem. If you have any thought as to how the committee could adjust it in a way that does not hurt the former president, then I would like to hear it.

Mr. **Fontaine**. I understand what you are saying.

Mr. **Wolf**. If you would just give it to me. You do not have to submit it to the committee. Just give it to me.

But nothing is perfect. And if we cannot get anything cleared out of OMB, then that kind of tells me that no one is willing to touch the issue and it will continue on and on and on.

And then, Mr. Chairman, and Joe, we wonder why it becomes an issue over and over. Well, if nobody is going to touch it and no one will say the king has no clothes, the problem will continue to grow and grow and grow.

But I believe there is an honest and sincere and legitimate concern on the part of members and the American public.

I yield back the balance of my time.

Mr. **Roybal**. All right. I hope that this matter can be resolved one way or another, and your recommendation would be most welcome.

The Chair now recognizes Mr. Akaka.

WIDOWS OF FORMER PRESIDENTS

Mr. **Akaka**. Thank you, Mr. Chairman.

I want to echo the statements of Mr. Wolf that I think we need to look at this. It is only through your experience that we can we look at it clearly and maybe legislate something that can help address the problem.

I wanted to ask about the widows. I think just one widow now is receiving compensation.

Mr. **Fontaine**. Mrs. Johnson, yes.

Mr. **Akaka**. To what extent is she receiving help?

Mr. **Fontaine**. This is one of the most flagrant inequities. Her pension is $20,000. It has not changed nor has that of any of the widows, since 1971. It started out in proposed legislation to be 60 per cent of the former President's pension but somehow it never was enacted.

There has not been a raise in the widows pension in twenty years. It ought to be tied to 60 or 75 per cent of the former President's pension because every time there is a pay raise, their pension goes up. The widow's pension does not.

So the widows get $20,000 a year as Bess Truman and all of them did and about $5,000 in mailing privileges, plus Secret Service protection which would not be in this budget.

I think it is inequitable that the former President's pension goes up every time there is a pay raise and the widow has not had an increase in 20 years. Those are some of the things I would like to see changed.

Mr. **Akaka**. I guess this is one more that we will have to look at. Thank you.

Mr. **Roybal**. Mr. Fontaine, I would like to thank you for your testimony and we will take your request under consideration.

Mr. **Fontaine**. Fine. Thank you very much, Mr. Chairman. It is always a pleasure.

Mr. **Roybal**. We will insert the justification in the record at this point.

[The justification follows:]

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1991
(Dollars in Thousands)

1990 Level Authorized by Public Law 101-136	$1,823
Reduction Pursuant to P.L. 99-177	($15)
1990 Revised Appropriation	$1,808
Estimated FY 1991	$1,964
Changes from 1990 to 1991	+$156

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1991

	Appropriation			Increase or Decrease (-) for FY 1991		
	FY 1989 Actual	FY 1990 Program	FY 1991 Request	Total Changes Amount	Program Changes Amount	Other Changes Amount
1. Allowances and Pensions	$388	$441	$530	$89	-	$89
2. Office Staff	860	1,367	1,434	67	-	67
Unobligated balance lapsing	183					
Total	$1,431	$1,808	$1,964	$156	-	$156

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ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

SUMMARY JUSTIFICATION OF FY 1991 BUDGET ESTIMATES

This appropriation provides for the pensions, office staffs, and related expenses for former Presidents Richard M. Nixon, Gerald R. Ford, Jimmy Carter, and Ronald Reagan and for a pension and postal franking privileges for the widow of former President Lyndon B. Johnson. The total request for FY 1991 is $1,964,000, an increase of $156,000 over the FY 1990 level. The increase consists of $89,000 for the part year and annualized costs of the pay raise; and $67,000 for price escalations in non-personnel costs. The FY 1991 request reflects a reduction of $2,900 from authorized levels in the office staff allowance for President Ford. This reduction implements agreements concurning GAO decision B-218909 dated January 27, 1986.

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1991

(Dollars in Thousands)

	Widows	Pensions for Former Presidents	Office Staff	Total
OTHER CHANGES				
1. Part year and annualized cost of pay raise	-	$89	-	$89
2. Price escalations in non-personnel costs..	-	-	$67	67
TOTAL CHANGES, 1990 to 1991..................	-	$89	$67	$156

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

BACKGROUND

This program is authorized by the Former Presidents Act, P.L. 85-745 (3 U.S.C. 102 note) of August 25, 1958, as amended. It provides for an annual pension paid monthly to each former President and each widow of a former President; compensation for staff assistants employed by each former President; and funding for office space, furnishings, and equipment as appropriate (defined under GS Decision B-114073, March 8, 1961). Supplemental Appropriation Act of October 21, 1968, P.L. 90-608, 82 Statute 1192 allows for travel and related expenses for each former President and not to exceed two members of his staff. Title 39 USC 3214 authorizes a former President and widow to send all mail in the U.S. and its territories as franked mail and under the Presidential Transition Act, section 3(a)(7), each former President may use penalty mail.

JUSTIFICATION

A. HIGHLIGHTS

(1) Allowances and Pensions - Provides for the monthly allowance for each former President equal to the annual rate of the basic pay for the head of an executive department. Also, provides for a monthly allowance for each surviving spouse of a former President, commencing on the day after a former President dies and terminates after death, or remarriage before becoming 60 years of age.

(2) Office Staff - Provides for the compensation of staff members for each former President which cannot exceed Level II of the Executive Schedule for any individual member. Includes expenses for travel and motor pool, payments for rental of space to GSA, communications and utilities, printing, other government services and miscellaneous contracts, postage, office supplies, and equipment.

B. EXPLANATION OF CHANGES, FY 1990 VS FY 1991

Other Changes.

An increase of $80,000 for the part year and annualized cost of pay raise.

An increase of $67,000 for price escalations in non-personnel costs.

PENSIONS, ALLOWANCES AND OFFICE STAFF

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.9 Personnel Compensation - $435,100. There are no established staffing levels for this activity. The maximum annual rate for compensation for the office staff of former Presidents is prescribed by P.L. 95-138. After the first thirty months, at an annual rate of $150,000, the maximum annual rate per President is $96,000. Former President Ford's allowance has been reduced by $2,900 to implement GAO Decision B-210909.

12.1 Personnel Benefits - $90,900. Includes $48,500 for retirement contributions; $6,400 for Medicare; $34,800 for health benefits; and $1,000 for group life insurance.

13.0 Benefits for Former Personnel - $529,676. Includes $509,676 for pensions of Former Presidents Nixon, Ford, Carter and Reagan and $20,000 for a pension for the widow of former President Johnson. Pensions of former Presidents and widows of former Presidents are prescribed by P.L. 91-658.

21.0 Travel and Transportation of Persons - $106,900. Includes $104,700 for travel in connection with the activities of former Presidents and staff and $2,200 for motor pool services.

22.0 Transportation of Things - $6,100. For miscellaneous transportation charges in connection with the activities of former Presidents.

23.1 Rental Payments to GSA - $482,000. Payments to the Federal Buildings Funds for RENT. Includes office space for the staff of former Presidents Nixon, Ford, Carter and Reagan.

23.3 Communications, Utilities and Miscellaneous Charges - $160,174. Includes $118,264 for local and long distance telephone services; $33,174 for postage and fees and $8,736 for rental of equipment.

24.0 Printing and Reproduction - $57,906. Provides for office printing and reproduction services.

25.0 Other Services - $26,064. Includes repairs to equipment and furniture as well as payments to commercial contractors for maintenance of equipment.

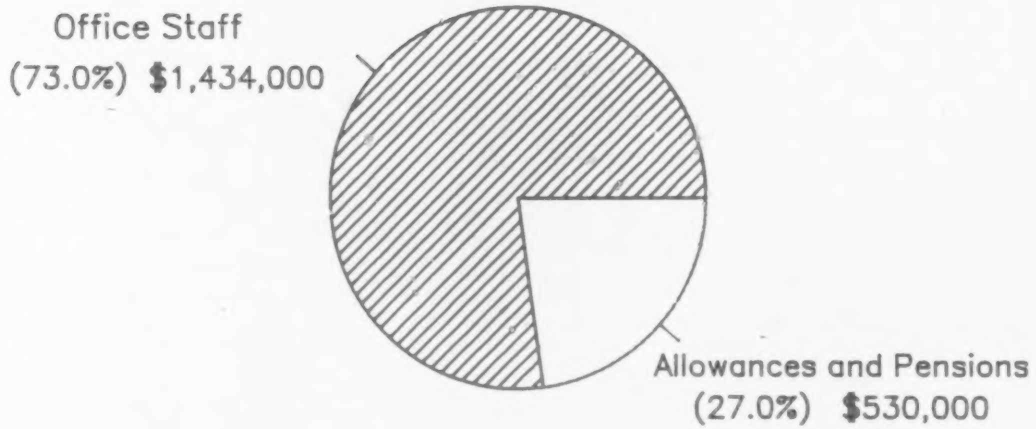
26.0 Supplies and Materials - $40,000. Provides for administrative office supplies and materials.

31.0 Equipment - $29,500. Provides for the purchase of administrative and ADP equipment.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

	FY 1981					
	Former Presidents					
	Nixon	Ford	Carter	Reagan	Widows	Total
Personnel Compensation..........	$96,000	$93,100	$96,000	$150,000	-	$435,100
Personnel Benefits..............	21,000	24,000	4,500	41,000	-	90,500
Benefits for Former Personnel: Pensions......................	127,419	127,419	127,419	127,419	$20,000	529,676
Travel..........................	18,000	41,900	2,000	42,800	-	104,700
Motor Pool......................	-	-	2,200	-	-	2,200
Trans. of Things................	2,000	2,000	-	2,100	-	6,100
Rental Payments to GSA..........	133,000	80,000	78,000	191,000	-	482,000
Communications, Utilities and Miscellaneous charges						
Equipment Rental............	5,336	3,400	-	-	-	8,736
Telephone...................	23,964	17,300	35,000	42,000	-	118,264
Postage.....................	4,300	8,150	11,000	7,424	2,300	33,174
Printing........................	5,000	3,100	23,736	26,150	-	57,986
Other Services..................	3,300	4,200	11,264	7,300	-	26,064
Supplies & Materials............	7,000	10,000	13,000	10,000	-	40,000
Equipment.......................	1,000	9,000	17,000	2,500	-	29,500
Total Obligations...............	$447,319	$423,569	$421,119	$649,693	$22,300	$1,964,000

GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1991 APPROPRIATION $1,964,000
DISTRIBUTION BY PROGRAM AREA



GENERAL SERVICES ADMINISTRATION

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

For carrying out the provisions of the Act of August 25, 1958, as amended (3 U.S.C. 102 note), and Public Law 95-138, [$1,823,000] $1,964,000: Provided, That the Administrator of General Services shall transfer to the Secretary of the Treasury such sums as may be necessary to carry out the provisions of such Acts.

(Independent Agencies Appropriation Act, 1990)

EXPLANATION OF CHANGES IN APPROPRIATION LANGUAGE
There is no appropriation language change recommended for FY 1991.

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